FISCAL YEAR 2002 COUNTRY COMMERCIAL GUIDE FOR AUSTRIA

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1. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Austria’s commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

Many American companies forget Austria. We tend to think of Austria in terms of skiing, the opera, and Mozart. Austria is a delightful place, to be sure, but it can be just as delightful for doing hardheaded, serious business. Some companies see that Austria is German-speaking and has a largely Germanic culture, and they hastily reach the conclusion that their representative in Germany can cover the Austrian market. Sometimes they are right, more often wrong. Other companies focus on the markets further east, in Europe or in Central Asia, perhaps flying through Vienna on their way to these emerging markets. We’ve always had a preference for markets that have money to spend, so don’t forget to linger a bit in Austria - one of the world’s richest nations.

Austria with a population of 8 million, is a small but dynamic country that represents an excellent export and investment market for U.S. companies of all sizes. Doing business in Austria has numerous advantages - this introduction briefly explores four that are particularly relevant as we move into 2002.

First, Austria is an international crossroads, enjoying borders with eight European countries: Germany, Italy, Switzerland, Slovenia, Hungary, Slovakia, Czech Republic, and Liechtenstein. Not only does this represent an acute awareness of the region's culture but it also means that Austria is a focal point in the trade and business interactions between the European Union (EU) and its future member states to the East. Of its eight neighbors, six are "non-members" and of these six, four are considered likely to become members in the next five years. Austria is on the frontier of the changing European landscape and offers U.S. companies the excitement and opportunity of a growing market with direct access to East Europe and the future of EU expansion.

This is undoubtedly the view of the approximately 400 American firms that are using Vienna as a regional base of operations or the many U.S. exporters working with and through Austrian companies to exploit Austrian contacts to the East. While the days of the near monopoly of Austrian trading companies are gone, it is still possible to make the right match with Austrian firms that know the eastern markets far better than most American companies do.

Second, Austria's economy is strong and the country is intent on remaining competitive by pursuing investment in high-growth industries such as, telecommunications, biotechnology, medical and pharmaceutical research, and electronics. For U.S. companies in these industry sectors, Austria represents an excellent opportunity for export, joint venturing, and investment. Chapter 5 of this Country Commercial Guide contains more information on individual sectors and opportunities for export. Austria's commitment to these "high-growth" industries should translate into continued prosperity and spending throughout the economy, benefiting U.S. companies of all industries.

Third, Austria is a member of the EU and as such enjoys the benefits of the most comprehensive trade agreement in force in the world today. An important milestone in the evolution of the EU is the January 1, 2002 introduction of a common currency (Euro) to facilitate trade and promote economic stability and conformity. It will now be easier than ever for U.S. companies to manage pricing, balance accounts, and move products in Austria and throughout the EU. Doing business in the multiple cultures of Europe has never been easier and more transparent than it is today.

Fourth, the United States is Austria's third largest supplier of imports and largest trade partner outside Europe. U.S. companies entering the market for the first time will benefit from the strong trade of goods and services already established between the two countries. In fact, U.S. exports to Austria rose 18% in 1999 and another 17% in 2000, despite an unfavorable Euro-Dollar exchange rate and stiff competition from European producers and increasingly from the countries of Central and Eastern Europe.

U.S. products and services can be competitive with German or Italian equivalents that are in Austria in such numbers that Austrian buyers often welcome alternatives from overseas. That said, Austria is a highly competitive market and wrapping a product in the American flag does not guarantee success. Quality, service and price must come with it. Being American may get your foot in the door, but when it comes to laying out money, it is awfully easy for the Austrian to decide to go with the seller who is close and who speaks his language.

The commercial section of the American Embassy in Vienna, CS Vienna, can help you find your niche in Austria. We offer the panoply of programs that have been proven in Commercial Service offices around the world, including Gold Key meetings, market research, assistance at trade shows etc. More important is that our experienced industry specialists can give your company the insights and contacts you need to launch sales in this market. Don't hesitate to ask us your questions about doing business in Austria. You can contact us: tel. (001-43-1-313-392297), fax (001-43-1-310-6917) or email: office.vienna@mail.doc.gov. American companies can also find much of our market research on the Internet at www.usatrade.gov.

Country Commercial Guides can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest Export Assistance Center or the U.S. Department of Commerce's Trade Information Center at (800) USA-TRADE, or go to one of the following websites: www.usatrade.gov; or www.tradeinfo.doc.gov.

2. ECONOMIC TRENDS AND OUTLOOK

A. Major Trends and Outlook

The Republic of Austria has an open economy, dependent on foreign trade and closely linked to the economies of other European Union (EU) member states, particularly Germany. Foreign trade and investment ties with Central and Eastern European countries also play an increasingly important role. Following a 2.8% real GDP growth rate in 1999, Austria's economy grew 3.3% in 2000. The strong growth in 2000 was supported by both strong domestic demand and exports benefiting from the still strong international economy and also the Euro weakness. Due to a less favorable international economic climate, particularly in the U.S. and Germany, the Austrian economy is expected to lose momentum in 2001 before picking up again slightly in 2002. The international slowdown is expected to dampen export growth and business investment. Private households' consumption will also grow at lower rates as a result of the government's tax increases to balance the public sector budget by 2002, however, a lower savings rate will offset part of the impact of the tax package. Forecasts for 2001 call for growth of about 1.7-2.0%, those for 2002 for growth of about 2.2%, when exports and investment are expected to pick up again, while private consumption will remain on a stable high level, supported by higher family benefits. The tepid economic growth will not lead to a further improvement on the labor market. The unemployment rate, which was 3.7% in 2000, is expected at 3.6% both in 2000 and 2001. The strong growth in productivity per employee – some 5% in 1999/2000 -- can also be expected to slow in 2001/2002. Inflation is expected to reach 2.6% in 2001, mainly because of high petroleum prices, meat prices and the increase of fees and indirect taxes, and to ease to 1.9% in 2001. Unit wage costs in Austrian industry, which declined about 8% in the past three years, will remain stable in 2001/2002, so that Austria's international competitiveness will not change markedly.

The medium-term outlook for the Austrian economy is positive. In 2003-2005, the positive trend begun in 2002 should continue and the Austrian economy is expected to grow at a solid average annual real rate of about 2.5%. Unemployment is expected to remain below 4.0%.

Austria's accession to the EU on January 1, 1995, has had a positive impact on foreign investment, inflation and economic growth by providing access to the single market and by fostering liberal policies to promote competition and dismantle protectionism. Austria was among the eleven founding members of the Economic and Monetary Union (EMU) launched on January 1, 1999 and has adopted the common "Euro" currency, which will fully replace the Austrian schilling by March 1, 2002.

Economists believe that the government's goal to balance the total public sector budget by 2002 remains within reach. The Finance Minister indicated, however, that he would be willing to deviate from this goal and accept a small deficit, should the economy deteriorate further. Other important tasks for the new government will be the final phase of introducing the single Euro currency, implementing an ambitious privatization program, reforming the social, welfare and pension systems, creating a more competitive business environment, implementing administrative reform, and defining Austria's role in a European security system. The government has started work in many of these areas but still has to implement many of its planned reforms.

Although Austria's economy has become considerably more liberal and open, foreign investors as well as local businesses still must cope with rigidities, barriers to market entry, and an elaborate regulatory environment in certain sectors. Progress was made in streamlining the permit process, in deregulation and liberalization, particularly in the telecommunications, electricity and gas sectors. However, there is room for improvement. The government intends to move its economic reform program forward with the goal of making the Austrian economy more flexible and creating a more competitive business climate, but faces stiff opposition in Parliament and from various interest groups, depending on the issue.

The economic opening of the Central and Eastern European (CEE) countries has had a stimulative effect on Austria's economy. Austrian firms have invested sizable sums in and continue to move labor intensive low-tech production to these countries. Austrian banks have established wide networks in the CEE countries. Austria serves as an economic gateway to the CEE, attracting EU firms seeking convenient access to newly emerging markets. The Austrian government, as well as business interests, support the EU's eastern enlargement plans, but under the condition that the enlargement candidates meet EU standards prior to EU accession and that transition periods for free movement of labor and of services are implemented to prevent competitive distortions in the Austrian labor market.

As one of eleven founding members of the Economic and Monetary Union (EMU), Austria's currency the schilling enjoys a fixed exchange rate against the currencies of the other eleven EMU members, which include Austria's most important foreign trading partners. However, the Austrian schilling on average depreciated (as did the Euro) some 14% against the dollar in 2000. In the first half of 2001, the schilling and Euro continued to lose against the dollar.

U.S. exports to Austria rose 18% in 1999 and another 17% in 2000, despite stiff competition from European producers and increasingly from the countries of Central and Eastern Europe also. The U.S. was Austria's third largest foreign supplier after Germany and Italy in 2000, with a market share of 5.5%.

B. Government Role in the Economy

After completion of a comprehensive ten-year privatization program in 1997, Austria's formerly state-owned steel, aluminum and petroleum industries are now majority-owned by private shareholders. In line with a further privatization initiative presented in spring 2000, the government has already sold 100% of its shares in the Postal Savings Bank, its 41.1% share of the Austrian tobacco company, its 17.38% stake in the Vienna airport company, the and through an initial private offering (IPO) 25.8% in Telekom Austria (TA), which was part of the former postal monopoly and Austria's largest telecom company. Further near-term privatization plans are for selling 100% of the Dorotheum auction house and bank and the Print Media industrial printing concern. In a second phase planned for the medium-term, the government will review full privatization of its shareholdings in the partly privatized companies Austrian Airlines, Boehler-Uddeholm, the postal service company, OMV petroleum company, Voest-Alpine steel, and Voest-Alpine technology. The federal railroads are considered an off-budget item. Plans call for introducing more competition in rail transport by allowing other freight carriers access to the rail infrastructure.

To prepare Austria for participation in EU Economic and Monetary Union (EMU) starting January 1, 1999, the then SPO-OVP coalition government made great efforts to cut the federal and consolidated (all levels of government) public sector deficits. Between 1995 and 1998, the federal deficit fell from 5.0% of GDP to 2.5%, the consolidated public sector deficit, which is decisive for the EMU, from 5.1% to 2.3%. In 1999, the budget consolidation process slowed as a result of income tax reductions and increases in family allowances. The federal budget deficit was 2.4% of GDP and the consolidated public deficit (which is the EMU criterion) 2.1% of GDP, but outyear estimates projected Austria would have the worst deficit/GDP ratio among EU member states This outlook drew criticism from the European Commission, the OECD, and the IMF. In reaction to this, the new OVP-FPO coalition government on July 11, 2000 presented a revised 2000-2003 budget program, which foresaw a balanced consolidated public sector deficit by 2002.

Due to strict budget discipline, tax increases and a better than expected economy, the results of the government's first budget were better than expected. The federal deficit came out at 1.4% of GDP (consolidated public sector 1.1% of GDP) for 2000, vs. projections of 2.1% and1.8% of GDP respectively. The 2001 budget projects a federal deficit of 1.1% of GDP (consolidated public sector 0.5% of GDP) and, according to mid-year results, is still on track. The government's 2002 federal budget, already approved by Parliament, plans on a small federal deficit of 0.7% of GDP, which – per agreement of the federal and provincial governments - will be offset by an equal surplus of provinces and other public bodies, so that the consolidated public sector budget will be balanced, pending any further deterioration in the economy. Recently projected lower real economic growth rates for 2001/2002 will not have a significant impact because inflation has picked up, leaving almost unchanged the nominal GDP figures which are decisive for tax and other budget revenues.

C. Balance of Payments Situation

As a result of Austria's participation in the Economic and Monetary Union (EMU) and the Euro currency, the national current account no longer has the importance it had for Austria as a small economy with an autonomous "hard currency" monetary policy approach. However, national balance of payments data still provide important information on structural problems and foreign trade integration. The Austrian current account balance has shown steady deficits of about 2.0-2.6% of GDP in the late 1990s. After a deterioration to EUR 6.2 billion (USD 5.7 billion) deficit in 1999, equal to 3.2% of GDP, the current account improved again in 2000, revealing a deficit of EUR 5.9 billion or 2.8% of GDP. Economists expect both imports and exports to slow down in 2001, but import prices to rise faster than export prices so that the trade account will deteriorate in 2001. As a result the current account deficit is expected to expand to EUR 6.2 billion (USD 5.8 billion) before improving slightly to a deficit of EUR 5.9 billion (USD 5.4 billion) in 2002. The traditional surplus from tourism will decline slightly despite a strong increase in receipts from foreign tourists, as Austrians' propensity to travel abroad remains high.

Foreign direct investment in Austria continues to grow at a fast pace. After strong growth in 1998 and1999, foreign direct investment in Austria grew by another EUR 9.9 billion (USD 9.2 billion) in 2000 – the highest amount in the post-WWII period. This exceptionally high figure is due to the takeover of Austria's largest bank, Bank Austria, by the German Hypo-Vereinsbank. The capital account also showed a strong increase of EUR 3.5 billion (USD 3.2 billion) in Austrian direct investment abroad in 2000, primarily fueled into Central and Eastern European countries.

D. Infrastructure System

Austria has a modern communications and transportation infrastructure. An extensive highway system provides convenient access to major Western European industrial centers and ports. The Austrian railroad offers efficient passenger and freight service and modernization plans will introduce higher-speed rail service in the near future. However, both highway and railroad connections to Austria's neighbors in Central and Eastern Europe, the Czech Republic, Slovakia and Hungary, need considerable improvement and upgrading. Although Austria has convenient air service to all major destinations world-wide, the only carrier offering direct flights from the Vienna International Airport to major U.S. destinations is the Austrian national carrier "Austrian Airlines."

The Austrian telecommunications network is sophisticated and reliable, though expensive by U.S. standards. However, according to the latest figures, liberalization and increased competition among several new telephone companies have led to a sharp decline in telecom prices. The use of mobile phones is particularly popular in Austria, where 75% of the population are registered users (third in Europe, after Sweden and Finland).

About 54% of the Austrian population has permanent Internet access (European average: 30%). Internet shopping is far less popular. Fewer than 10% of Internet users have purchased goods on-line even once. Internet access is becoming increasingly important among businesses, with 75% of all firms and companies currently on-line and 60% with their own homepage. Moreover, a comprehensive e-commerce portal (abusiness.at) was created to encourage free exchange among industries which plan to invest in the New Economy.

3. POLITICAL ENVIRONMENT

A. Nature of the Political Relationship with the U.S.

Austria's bilateral relations with the United States have been excellent over the past several decades. Austria's political leaders and many Austrians recognize and appreciate the essential role played by U.S. economic assistance under the Marshall Plan after World War II, and the role played by the United States in promoting the conclusion of the Austrian State Treaty in 1955. This treaty ended the four-power occupation following World War II and established Austria as an independent state. The generations that recall these events, however, are aging.

Since the formation of the coalition between the right-wing populist Freedom Party (FPO) and the conservative People's Party (OVP) in February 2000, the United States has been closely monitoring the Austrian government's performance in upholding its commitments to openness, expansion of democracy, support of free markets, and tolerance for others.

Austria maintains an embassy at 3524 International Court, NW, Washington, D.C. 2008 (Tel. 202-895-6700). Consulates are located in New York, Chicago and Los Angeles, with honorary consulates in Atlanta, Boston, Buffalo, Charlotte, Columbus, Denver, Detroit, Honolulu, Houston, Kansas City, Miami, New Orleans, Philadelphia, Pittsburgh, San Francisco, San Juan, Seattle, St. Louis and St. Paul.

B. Major Political Issues Affecting the Business Climate

Following an initially shaky phase of the OVP/FPO government, characterized by EU sanctions against Austria and international concerns due to the controversial nature of the FPO, Austria's international relations normalized in the second half of the year 2000. In 2000 and 2001, the Austrian government also resolved Nazi era compensation issues by setting up two funds to provide compensation to former forced and slave laborers, and to address gaps and shortcomings in previous restitution programs. The forced and slave labor "Reconciliation Fund" will distribute $400 million, while "General Settlement Fund" will make $210 million available for property restitution. In addition, the Austrian government started a program in April 2001 distributing $150 million to compensate Nazi era victims for losses of apartment and small business leases, as well as personal assets by issuing payments of $7,000 per capita.

Austria has shaped its foreign policy on the basis of neutrality for over 40 years. After EU accession in 1995, this concept was redefined with a focus on solidarity within the evolving European security architecture. Austria joined the Partnership for Peace in 1995. There is an ongoing debate within the country about NATO membership as an option for the future.

Austrian leaders emphasize the unique role the country still plays as a link between West and East and in shaping the preconditions of EU enlargement. Austria is active in the United Nations and in UN peacekeeping efforts including SFOR and KFOR. Having taken over the chair of the Organization for Security and Cooperation in Europe (OSCE) for the year 2000, Austria played a high profile role in peace initiatives for Chechnya and Kosovo. It attaches great importance to participation in the Organization for Economic Cooperation and Development (OECD) and other international economic organizations.

Vienna is the headquarters of important international organizations like the International Atomic Energy Agency (IAEA), the UN Industrial Development Organization (UNIDO), the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), the International Institute for Applied Systems Analysis (IIASA), the Organization for Petroleum Exporting Countries (OPEC), the Wassennaar Arrangement (WA), and a branch office of the European Patent Office (EPO).

C. The Civil Society

The Austrian political-economic system is characterized by the co-operation of the so-called "Social Partners". They comprise the Labor Unions, the Labor Chamber, the Economic Chamber and the Agriculture Chamber. These influential quasi-public chambers in which membership is mandatory for various occupational groups and businesses, try to resolve all social and economic conflicts that may arise before they result in more serious unrest. Thus, there have been virtually no strikes in Austria during the past 30 years. However, the Social Partnership has been criticized as being a rather undemocratic "shadow" government, particularly by the Freedom Party. Due to the composition of the new government, the Social Partnership is undergoing its most serious crisis since it was established 50 years ago. Social and economic decision making is being gradually shifted away from the social partners to the government.

Politics sometimes intrudes on business decisions. Larger Austrian firms are often associated with one of the major political parties, and purchasing by government entities and state-owned companies was highly political under previous governments. The new government says that one of its priorities is to reduce political influence in this field.

Non-governmental organizations (NGO's) are becoming more and more influential in many political fields in Austria, ranging from the environment and consumer protection to human rights issues.

Austria maintains a constant exchange of business representatives, students, cultural groups and tourists with the countries of Central and Eastern Europe. The Austrian government and various Austrian organizations, including business and labor, provide assistance and training to support constructive changes in this region.

D. Synopsis of the Political System

Austria is a parliamentary democracy. The Chancellor is the Head of Government and the President is the Head of State. The President – who is elected every 6 years directly by the people – appoints the Chancellor who then selects his government. The Federal Assembly (Parliament) is composed of two houses – the National Council (Nationalrat) or the lower house, and the Federal Council (Bundesrat) or upper house. Virtually all legislative authority is concentrated in the National Council whose 183 members are elected according to a system of proportional representation and party affiliation, including a threshold of 4 percent for each party. Elections must be held every four years. The next elections are scheduled for the fall 2003. The National Council may dissolve itself before the end of four years by a simple majority vote, or the Federal President may dissolve it on the recommendation of the Chancellor. The Federal Council consists of 64 members elected by the legislatures of the nine provinces. It is virtually restricted to reviewing legislation passed by the National Council.

The highest courts of Austria's independent judiciary are the Constitutional Court, which has jurisdiction over constitutional matters; the Administrative Court, which handles bureaucratic disputes; and the Supreme Court, for civil and criminal cases. Cases initiated in the Administrative and Supreme Courts can be appealed to the Constitutional Court. Justices of all three courts are appointed by the president for specific terms.

Austria is a federal system in which the nine Laender (provinces) have a considerable share of political and administrative power, including welfare and environmental matters, and ownership of land. Although most authority, including police, still rests with the federal government, the provinces are responsible for the implementation of the majority of federal laws and the supervision of local administrations. The provinces are headed by governors elected by the provincial legislatures. They meet regularly in the informal governors' conference, which formulates recommendations for federal legislation concerning the provinces. Austria's EU accession has sparked off a debate on re-distribution of legislative powers between the EU bodies, the federal government and the provinces.

Principal officials:

Federal President: Thomas Klestil
Federal Chancellor: Wolfgang Schuessel
Vice Chancellor: Susanne Riess-Passer
Foreign Minister: Benita Ferrero-Waldner
Ambassador to the United States Peter Moser
Ambassador to the United Nations Gerhard Pfanzelter

Austria has enjoyed political stability since World War II. Until the 1980s, the two major parties, the Social Democrats (SPO) and the People's Party (OVP) had the support of more than 90 percent of the electorate and formed the government from 1987 until the most recent national elections in October 1999. With the rise of Joerg Haider, FPO party leader from 1986 to 2000, the populist right-wing Freedom Party (FPO) has established itself as a mid-sized party, overtaking even the OVP in the 1999 elections. They form the government now along with the OVP.

The SPO, which garnered 33 percent of the vote in the 1999 elections, traditionally draws its constituency and much of its strength from urban and industrial areas. In the past decade, the party has shifted its focus from support for state-run, interventionist economic policies to a more market-oriented approach. It retains, however, its support for a comprehensive, but expensive social welfare system.

The FPO has attracted protest voters who no longer desire association with the other two major parties that have penetrated many aspects of everyday life in Austria. Some segments of the population who feel under-privileged and may therefore be more susceptible to anti-immigration slogans also support the FPO, which has its roots in a nationalistic but also liberal political environment. Economically, they support austerity measures and a balanced budget. After a continuous rise in popularity the FPO received 27 percent of the votes in the 1999 elections, slightly ahead of the OVP.

The OVP's traditional constituency has been among farmers, large and small businesses, and lay Catholic groups. Its center of strength is rural Austria. In economic matters, the party advocates conservative financial policies and privatization of much of Austria's nationalized industry. The OVP also received 27 percent of the 1999 ballot.

Seven percent of the electorate voted for the Greens in 1999. This center-left party focuses on environmental and human right issues.

4. MARKETING U.S. PRODUCTS AND SERVICES

A. Distribution and Sales Channels

Just about every imaginable distribution channel is available in Austria, including traditional wholesale distribution and retailing, catalog and e-commerce channels, direct marketing methods, franchising, joint ventures and other licensing agreements.

It may be useful to think of Austria in terms of the following five marketing or distribution areas:

1) Vienna and vicinity: the business and government center and most populous part of Austria;
2) Pre-alpine provinces: Styria, Lower Austria, and Upper Austria, where most industrial and agricultural production takes place;
3) Alpine provinces: Carinthia, Tyrol, and Salzburg, which rely heavily on tourism;
4) Vorarlberg in the far-western Alps on the Swiss border, which has a small but wealthy population; and
5) The eastern flatlands of Burgenland: the least developed part of Austria,

Many Austrian firms distribute to the neighboring markets of Central and Eastern Europe at the wholesale level, and some Austrian retail chains are beginning to build up networks in those countries as well. It is not unusual, for example, to see Austrian retail chains in neighboring Slovakia and Hungary.

B. Product Pricing Structures

It is impossible to generalize about pricing structures. Even when concentrating on importers of U.S. products, there is no uniform structure. Importers may receive their products from central distribution centers in the European Union (EU), directly from the United States, or from third markets. The number of resellers depends on the size of the market and the nature of the product.

C. Retail Trends

Austrian retailing is well into a long overdue modernization. Austria's accession to the EU in 1995 was a major impetus for change, bringing reforms in the regulatory environment, giving consumers the freedom to shop in neighboring EU countries, and opening the borders completely to the retail giants of neighboring Germany. What was once a highly regulated and protected environment that supported thousands of small shops and boutiques (with restricted opening hours, a limited selection, and high prices) is now quickly becoming a modern, consumer-oriented and market-driven retail environment that favors major chains and mega-stores. Price competition is heating up, and concentration in most retail sectors is high and increasing as the giants either merge or buy each other out in their battle for market share. The losers are the small shops and boutiques that make up nearly 90 percent of all retail Austrian enterprises, but account for a rapidly shrinking market share.

Concentration:

These figures from a recent market study (Regio Plan, 1999) demonstrate the extreme concentration in many retail sectors. Each figure denotes the market share of the five largest players in each sector:

food	90 percent
sporting goods	90 percent
druggists	86 percent
DIY builders mkt	67 percent
shoes	66 percent
furniture	64 percent
toys	60 percent
electronics	51 percent
clothing	23 percent
books	19 percent

Shopping Malls:
The latest figures (2000) show that shopping centers are becoming ever more popular: the 126 Austrian shopping centers boast sales of over $5.7 billion, an increase of 7.6% over 1999. The number of customer visits rose too, by 25 million to an impressive 300 million (considering that the population of Austria is only 8 million).

Austrian shopping malls are still somewhat primitive by American standards. They consist primarily of retail stores, with very little service or entertainment. Developers have been correcting these deficits, and many of the new malls include more restaurants and some have built movie theaters, but American mall staples such as hairdressers, snack sellers, specialty product islands, or game halls are usually not to be found.

Operating Hours:
One of the most important limitations on consumer behavior has been the slow liberalization of Austria's strictly regulated shopping hours. More liberal shopping hours, to the extent this has taken place, allow consumers to spend more time comparing price and quality. Despite incremental improvement, Austria still has the most restrictive shopping hours in all of Western Europe. Most stores may only stay open a maximum of 66 hours per week, and these hours must be between 6:00 AM and 7:30 PM Monday through Friday, and 6:00 AM to 5:00 PM on Saturdays. With a few exceptions, primarily for tourism areas, stores must stay closed on Sundays and holidays. A few brave storeowners in the Vienna area have challenged the Sunday closing requirement, but stiff fines have prevented this movement from gaining momentum.

Convenience Stores:
An exception to the restricted opening hours exists for so-called convenience stores, which are allowed to sell food items for immediate consumption outside the standard opening hours. Gas stations in particular have discovered this to be a wonderful source of additional income with attached shops. However, these establishments are not to exceed 80m2 in size the only products they are allowed to sell outside the standard opening hours are food and drink for immediate consumption, as well as items that could conceivably be needed for travel.

Direct Marketing:
Within limits set by Austrian law, telephone and direct mail solicitation are very much in evidence in Austria. For interested U.S. firms, a list of Austrian direct marketing firms is available from CS Vienna. Some U.S. companies, including Tupperware and Amway, have established themselves in the Austrian market with multi-level marketing systems.

Catalog Shopping:
Catalog shopping sales have been stagnating for the past several years, in fact, ever since the first and most dramatic relaxation of store opening hours. Sales are still a respectable $1 billion annually, however. Market leaders are Quelle/Neckermann and Otto/Universal, both German origin, with a share of over 70%. Newcomer La Redoute is still building market presence. The most growth is seen in smaller specialty catalogs that offer hard to find luxury and specialty goods.

Electronic Commerce:
E-commerce is the fastest growing shopping form in Austria with double and triple-digit growth figures. The absolute numbers, however, are still small. Internet sales in 1999 are estimated at around $425 million. Around 1.75 million Austrians use the Internet regularly, and 15 percent of all Internet users has made at least one on-line purchase. The highest growth areas for e-commerce are travel services, computer hardware and software, books and CDs, and brokerage, which together account for around 75% of all internet sales.

D. Use of Agents/ Distributors; Finding a Partner

Qualified Austrian agents and distributors can be found for nearly every kind of product. All enterprises in Austria must register with and maintain membership in the Federal Economic Chamber (FEC), the semi-official trade and manufacturer's organization. The FEC is divided into six main sections: small-scale service and production (for example plumbers, electricians, mechanics, etc.), trade, manufacturing, credit and insurance, transportation, and tourism. Each main section is further divided into sector-specific working groups. Each of these groups has either a newsletter or a publication, and most gather industry-specific statistics and compile a list of members. The Federal Economic Chamber can be reached by phone
(43-1-501-05-0 -- ask the operator for the section you need) or fax (fax extension according to the section). Their Website is www.wko.at.

Finding Austrian partners for U.S. businesses is a goal of the U.S. & Foreign Commercial Service in Vienna (CS Vienna). This office, located at the U.S. Embassy in Vienna, is an ideal starting point for any partner search in Austria, be it for an agent, a wholesaler, licensee, franchisee, joint-venture partner, or end-user. CS Vienna can be contacted directly (email: vienna.office.box@mail.doc.gov; fax: +43.1.310.6917; phone: +43.1.313.39.2243) or through a Department of Commerce Export Assistance Center in the United States. Each CS office around the world can be found at www.usatrade.gov.

Two special programs have been developed by the Commercial Service to assist U.S. firms in their search for foreign business partners. The Gold Key Service is designed for U.S. business visitors who would like to meet potential business partners personally. CS Vienna identifies the most qualified Austrian firms, introduces them to your products (with company brochures and price lists that you supply), assembles background information for you about the Austrian firms, and then schedules up to six appointments per day for you with industry experts and representatives of the “pre-qualified” firms. U.S. visitors may also choose to visit several countries in a region with back-to-back Gold Keys. You can request an application form and pricing directly from CS Vienna.

The International Partner Search (or IPS) is also designed to help U.S. firms find potential business partners. Similar in method to the Gold Key program, the IPS delivers a list of pre-screened candidates directly to you in 15 working days. Any appointments or travel plans are handled directly by the U.S. firm. The IPS program is administered through U.S. Export Assistance Centers in the United States.

CS Vienna supports trade missions, information seminars featuring U.S. technology, special events, and joint "USA" stands at trade fairs, all of which have produced excellent results for U.S. firms entering the market. CS Vienna can provide interested U.S. firms with information about planned events and upcoming trade fairs at any time.

E. Franchising

Franchising is a small but growing factor in the Austrian economy. We estimate that it accounts for fewer than 5 percent of total retail sales (compared to almost 50 percent in the United States). The past ten years have seen the total number of franchise systems in Austria increase dramatically, from under 50 at the end of the 1980's to over 280 today. A corresponding increase in the number of franchise business owners can also be reported, from under 500 in the late 1980's to around 3,850 in 1999.

Around half of the franchise systems operating in this country are of local origin. The top foreign participant in the Austrian franchising economy is Germany, with around 25 percent of the franchise systems, followed by the United States, with about 10 percent of all the systems operating in Austria. While most German operations either set up a company headquarters in Austria or franchise direct over the (EU internal) border, most American companies choose to expand their operations in Austria through a master franchise partner.

Some of the best prospects for franchising include business and personal services, schooling and training, and specialty retailing.

The largest franchising systems in Austria are:

1.	Palmers	lingerie	184 franchisees
2.	Foto Quelle	film development	158 franchisees
3.	Quelle AG	catalog shops	149 franchisees
4.	Olymp Vertrieb	heating systems	110 franchisees
5.	Skiny Bodywear	underwear	100 franchisees
6.	Snowell International	ski vacations	90 franchisees
7.	Street One	apparel	85 franchisees
8.	Scribo	stationery	73 franchisees
9.	Actual	building services	70 franchisees
10.	McDonalds	fast food	66 franchisees

The Austrian Franchise Association collects data, maintains an informative web site, and co-organizes seminars as well as a yearly trade show:

Austrian Franchise Association
Attn.: Regina Wacht
Bayerhamerstrasse 12/1. Stock
A-5020 Salzburg, Austria
Tel. (43 662) 87 42 36
Fax (43 662) 87 42 36-5
email: oefv@franchise.at
web: www.franchise.at

F. Joint Ventures and Licensing

Joint ventures and licensed production arrangements in Austria offer U.S. firms several advantages, including free access to the European Union market, improved access to Central and Eastern European markets, reduction of transportation costs to European destinations, and high quality production. Joint ventures may be formed as companies, partnerships, or other legal entities.

Austrian companies are receptive to licensing arrangements, especially as a source of technology. Royalty and license fee payments may be freely transferred out of Austria.

In addition to the assistance offered by CS Vienna, U.S. firms seeking joint venture or license partners in Austria will receive valuable information from the Austrian Government's investment organization:

Austrian Business Agency
Opernring 3, A-1010 Vienna, Austria
Tel. (43 1) 588 58-12
Fax: (43 1) 586 8659
Contact Point for North America: currently vacant
Web: www.aba.gv.at

G. Steps to Establishing an Office

Establishing a business in Austria is a bureaucratic maze, despite recent efforts to reduce the paperwork involved. Some regions have moved to set up one-stop shops for entrepreneurs, but the jury is still out on how much of the red tape these new offices can really eliminate. The basic process is as follows:

The legal existence of a business begins with its registration in the commercial register (Firmenbuch). This is normally done with the assistance of an Austrian lawyer or notary public, at the appropriate section of the offices of the district management (Bezirkshauptmannschaft) or the magistrate (Magistrat). The magistrate forwards the registration materials to the Federal Economic Chamber; if the materials are complete, the registration process is thereby concluded. Costs associated with the registration of a company include corporate tax, court costs, fees for incorporation, an announcement in the semi-official Austrian newspaper Die Wiener Zeitung, and the fees of an attorney or Notary Public. Expect total costs of about AS 30,000 or between 5 and 10 percent of the capital stock.

Most business activities in Austria are regulated, and require that a separate application be made for a business license (Gewerbeschein). Evidence of proficiency is required for most businesses; usually a passing score on an examination or evidence of prior experience in the field is sufficient. For business activities that do not require proof of proficiency, the business license is granted automatically upon registration of the business. Information about which businesses require proof of proficiency is available from the Economic Chamber of the province where the business will be operated (for Vienna, that is the Wirtschaftskammer Wien).

There are several options available to the investor when deciding on the legal form of an Austrian office, including public corporations, limited liability companies, limited or unlimited commercial partnerships, silent partnerships, branches of foreign enterprises, cooperative societies, and sole proprietorships. Most foreign-owned businesses choose to operate as a limited liability company (Gesellschaft mit beschraenkter Haftung - Ges.m.b.H.).

Find more information at this website: www.preslmayr.com/invest/invest.htm

H. Selling Factors and Techniques

Possibly due to the many years of shortage during World War II and post-war period, and certainly due to their monarchical authoritarian history, the typical buyer-seller relationship in Austria is quite unique. Though this is slowly changing, sellers may find they need to project great confidence in their product and a certain indifference (or at least formality) toward the customer. The customer tends to set the tempo of the relationship. Though there is certainly no need to imitate this typical Austrian style of sales, it should indicate some limits to typical American practices. Highly choreographed and high-pressure sales techniques, for example, or hearty friendliness to someone just met, are absolutely alien to Austria, and are an almost surefire way to bring an early end to negotiations.

A second consideration is the price/quality question. Although price and quality are important considerations for Austrian industrial and private consumers, there seems to be a greater willingness in Austria than in America to pay more for perceived better quality. Thus, focusing too much on price competitiveness could be read as an admission of inferior quality and actually hurt sales. It’s a fine line to walk.

I. Advertising and Trade Promotion

While generally less sophisticated than advertising in America, the local advertising industry is experiencing excellent growth. One major reason for higher advertising spending is increased competition, especially in the newly deregulated telecommunications industry.

Print media:
Daily papers, regional publications, magazines, industry publications and other print media account for more than half of all advertising spending.

Television:

Austrian television advertising has experienced exciting growth in recent years, and now accounts for around one of every five advertising schillings. Television is a state monopoly in Austria. This monopoly is being challenged by cable and satellite television. Over 65 percent of Austrian households are capable of receiving either cable or satellite television, both of which offer private German and other European broadcasters, as well as international services, including CNN and MSNBC. As a result, a company advertising on German television can probably assume that their ads are being seen in Austrian households.

Radio:
Radio advertising accounts for around 10% of advertising spending. In 1997 and 1998, Austria liberalized access to radio frequencies and the first private radio stations went on the air. All the currently operating private stations are owned by large media companies that are also in print media. Austrian National Broadcasting operates several national and regional radio stations, including the market leader.

Other advertising venues:
Direct mail accounts for around 7 percent of advertising spending, and billboard advertising remains a constant feature of Austrian marketing with around 6 percent of advertising spending.

Truth in Advertising:
A Consumer Forum has been established in the Austrian Economics Ministry. The forum comprises representatives of political parties, business organizations, labor unions, and business associations. A subcommittee for commercial advertising examines posters, TV, radio and newspaper ads, and entire sales campaigns, with regard to their truthfulness, information value and ethnic sensitivity. The forum can initiate proceedings against advertisers who make false claims. Anyone transgressing established commercial usage laws may be sued. The Government recently lifted the regulation that prohibited comparative advertising, thus enabling advertisers to make direct comparisons between their products and services and those of their competitors.

Trade Promotion: Annually, between 100-150 national and international trade fairs representing most every industry sector are organized in Austria. Most of the Austrian fairs are open to the general public, and thus take on an advertising function. Austrian importers also attend the major European trade fairs. U.S. companies can request a booklet containing a comprehensive list of Austrian trade fairs and exhibitions from WIFI Austria (tel: 431 501 05 3574, fax: 431 502 06 253, email: wfleit@wifi.at, web: www.wk.or.at/wifi/).

J. Pricing Products

Austrian prices remain among the highest in the European Union, reflecting high social costs of labor (including mandatory health insurance and pension fund contributions for employees), extensive agricultural subsidies, the small size of the market, and high taxes. The value-added tax (VAT) on most products and services is 20 percent. Special taxes are levied on luxury goods, fuel, drinks, and many other items. These taxes quickly add up and should be taken into consideration when pricing products for sale in Austria.

The transparency of European pricing that will become a reality with the adoption of the Euro as the single transaction currency starting on January 1, 2001, may force price reductions in Austria for products that can be easily compared and purchased across borders.

K. Sales Service and Customer Support

Customer service and support in the consumer industries is improving. The unlucky customer who purchases a defective product still cannot expect to bring it back to the store the next day for a replacement (but must wait weeks while the product is shipped for repair), but the mandatory warrantee period has recently been extended from 6 months to 2 years. In addition, the burden of proof has been shifted from the customer to the retailer. Publicizing American-style guarantees and customer service is gaining increasing popularity as a marketing tool.

Business customers demand a different level of support, and most wholesalers or distributors offer excellent support. If a part on a machine breaks, the customer will demand that it be replaced or repaired within 24 hours, which may present logistical problems for smaller U.S. suppliers who cannot warehouse replacement parts in Europe.

L. Selling to the Government

The Austrian Government adheres to the WTO (GATT) Agreement on Government Procurement. Austria's Federal Procurement Law was amended in January 1997 to bring its procurement legislation in line with EU guidelines, particularly on services. Austria does not have Buy National laws, and the principle of the best (not necessarily the lowest price) bidder is usually maintained. However, some major contracts are negotiated by invitation, and limited tenders and offset requirements are common in defense contracts.

M. Protecting Your Product from IPR Infringement

Austria is a member of all international intellectual property rights agreements. To begin the process of registering a patent in Austria or in the EU, contact CS Vienna or the Austrian Patent Office directly:

Oesterreichisches Patentamt
(Austrian Patent Office)
Kohlmarkt 8-10, A-1014 Vienna, Austria
Tel. (43 1) 534-24-0
Fax. (43 1) 534-24-110
Web: www.patent.bmwa.gv.at

A list of patent attorneys is available through the Austrian Patent Attorney Chamber:

Oesterreichische Patentanwaltskammer
Museumstrasse 3
A-1070 Vienna, Austria
Tel. (43 1) 523 4382
Fax: (43 1) 523 4382-15

Email: pak@patentanwalt.at
Web: www.patentanwalt.at

N. Need for a Local Attorney

Some Austrian law firms can conduct business in English and are familiar with U.S. law. Some are members of the bar in the United States. A list of English-speaking law firms is available at the U.S. Consulate, and through CS Vienna.

*Note: all currency figures have been reported in U.S. dollars using the 2000 exchange rate of $1 = ATS 14.93 as the base rate.

5. LEADING SECTORS FOR U.S. EXPORTS

A. Best Prospects for Non-Agricultural Products

1. Automotive Parts and Equipment (APS)

U.S. exports of automotive parts and equipment to Austria have risen by an order of magnitude this decade. Where total exports in 1991 were only $30 million (EUR 32.5 million), 2000 saw an export value of over $700 million (EUR 757.6 million). The American share of the aftermarket in Austria is still very low at around 5 percent, though this figure is probably higher as it does not account for U.S. products that enter Austria via another EU country.

The explanation for the phenomenal growth in U.S. exports is to be found in the decision of (then) Chrysler and now DaimlerChrysler to invest in assembly operations in Austria. Production of Chrysler Voyagers at the Eurostar facility in Graz was joined by the Jeep Grand Cherokees assembly facility at the Steyr Fahrzeug Technik next door. Not only were these facilities major importers of U.S. parts and components, but they attracted U.S. automotive suppliers to Austria, who also imported heavily from the U.S. In the long run, the percentage of U.S. content will fall as these facilities procure more locally, but that trend has been put on hold as assembly projects with high U.S. content continue to pour in.

In May of 1999, the Steyr plant began production of the new Mercedes SUV (M-Class) - a vehicle with over 60% U.S. content. U.S. exports jumped by 93 percent that year. Growth tapered off to a still impressive 20% in 2000 with the first full year of M-Class production. In 2001, the Eurostar plant is due to begin production of the PT-Cruiser for the European market. Because this vehicle also has a very high U.S. content, we are predicting that US exports of auto parts and equipment will see another sharp rise.

We expect that the total market for auto parts and equipment in Austria will grow by around 30 percent in 2001. There are two reasons for this optimistic view. First, after several years of growth, the new vehicle market has slowed significantly. Fewer new cars means that people will be repairing their older cars, which will boost demand for replacement parts. Second, Austria has been able to attract further assembly projects. In addition to the PT cruiser, two Saab models are due to begin production in 2001. Whereas the year 2000 saw 160,000 new cars leave Austrian assembly plants, we estimate that Austria will be producing around 200,000 cars annually by 2003.

Data Table (million $)

	1999	2000	2001 (est.)
Total Market Size	2,650	3,023	4,166
Total Local Production	4,917	5,401	6,323
Total Exports	4,419	4,861	5,443
Total Imports	2,162	2,483	3,286
Imports from the U.S.	594	714	1,091

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

2. Computer Software and Services (CSP)

In 2000, total packaged software sales reached approximately $1.058 billion (EUR 1.145 billion) of which application software represented $795.7 million (EUR 861.2 million) and system infrastructure software represented $262.4 million (EUR 284 million).

In 2000, the value of IT Services totaled $1.872 billion (EUR 2.026 billion). Of this total, operations management accounted for $672.8 million (EUR 728.14 million); implementation $460.7 million (EUR 498.6 million); support services $435.6 million (EUR 471.3 million); consulting $198.7 million (EUR 215 million); and training $104.3 million (EUR 112.9 million).

The expected annual growth rate for 2001 and 2002 will be 12 percent for software and 10 percent for services.

It is critical that software be “user-friendly” whether marketed to personal users, business professionals or executives. It is vital that the software be “bug-free” and preferably written in German.   Software packaging is important for retail sales and should be in German.

The market for databases is growing, especially as Austrian companies begin to develop e-commerce sites, and as larger firms discover the advantages of enterprise-wide information management – still new ideas to many in this market. Sales of networking software amounted to $77 million (EUR 83.3 million) in 2000, and are expected to grow at about 12 percent annually for at least the next two years.

The best opportunities for sales of U.S. software in Austria appear to be in Internet systems engineering and applications consultancy, data bank and communications software/office automation, education, CASE, CIM and quality control. The primary end-users are industry, financial services, public administration, trade, health, energy production, distribution, and electronic banking.

Data Table (million $)

	1999	2000	2001 (est.)
Total Market Size	3,147	3,606	4,132
Local Production	N/A	N/A	N/A
Total Exports (from Austria)	N/A	N/A	N/A
Total Imports (into Austria)	N/A	N/A	N/A
Imports from the U.S.	1,259	1,744	1,998

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

3. Aircraft and Parts (AIR)

The Austrian market for civil aviation aircraft, parts, and equipment totaled approximately $ 420 million (EUR 454.6 million) in 2000 and is expected to grow by ten percent in 2001. With domestic-based manufacturing limited to one company, Diamond Aircraft Industries, the vast majority of the market is served by imports. In terms of market position, U.S. companies represent 29 percent of the imports followed by France (23 percent), Germany, (22 percent) and Canada (14 percent).

The principal end-users of civil aviation aircraft, parts and equipment are local charter airlines and Austria's airline companies including: Austrian Airlines, Lauda Air, Tyrolean Airways, Rheintalflug (a commuter airline). Emergency medial services and the police use civilian helicopters. The market for corporate fleets and business charter operators is expected to increase by about 20 percent by the end of 2002.

Diamond Aircraft Industries, in Wiener Neustadt, manufactured a total of 80 single engine motor gliders (including 15 DA 40's - a four seat single engine glider with a new production line) and upgraded 25 gliders in 2000, most of which were exported.

Data Table (million $)

	1999	2000	2001 (est.)
Total Market Size	381	420	473
Total Local Production	9	10	11
Total Exports	472	1,102	1,240
Total Imports	862	1,532	1,724
Import from the U.S.	380	437	492

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

4. Advertising Services (ADV)

The Austrian advertising and public relations market is dominated by a few large Austrian-based firms and multiple international advertising companies, including West European and American agencies.

$1.86 billion (EUR 2.01 billion) was spent on advertising – predominately print and TV media - in Austria in 2000 -- almost 1% of Austria's GDP and a 8.4% increase from 1999 to 2000. According to "Media Focus Research Ges.m.b.H.", the 2000 Austrian advertising expenditures were shared among the media as follows: print 56.05%, TV 23.66%, radio 7.81%, billboards 5.52%, flyers and brochures 6.54% and cinema advertising 0.42%.

American advertising agencies hold an excellent position in this market with approximately 30% of Austria's total advertising revenues generated by thirteen U.S. agencies. The most successful and largest subsidiaries of U.S. agencies in Austria are McCann-Erickson, Grey Austria, Bozelll-Kobza, Dr. Puttner-Bates, Mang DMB & B, Team/BBDO, TBWA-Omnicom Group, and Young & Rubicam. The leading American PR agency in Austria is Ogilvy & Mather.

Revenues of successful advertising agencies should grow steadily over the next three years and the future for PR consultants looks very promising. Industry analysts predict that large diversified food companies, restaurant chains, pharmaceutical companies and consumer electronics companies will slightly increase their spending for advertising. Event marketing will likely be very profitable.

Data Table (million $)

	1999	2000	2001 (est.)
Total Sales	1,643	1,862	2,048
Sales of Local Firms	N/A	N/A	N/A
Sale by Foreign-owned Firms	N/A	N/A	N/A
Sales by U.S.-owned Firms	493	551	606

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

5. Drugs and Pharmaceuticals (DRG)

Pharmaceutical expenditure in Austria accounts for about 10.5 % of total health care spending. International comparison shows that drug consumption in Austria is significantly below the European average with regard to expenditure as well as to the number of packages. Annual per capita consumption amounts to 20.5 packages valued at approximately $ 200 (EUR 216). Government cost containment legislation is encouraging sales of self-medication (OTC drugs and generic medicines). Increased life expectancy and the growth in private health care insurance are expected to have a positive impact on the market.

Access to the Austrian pharmaceutical market is subject to strict national or EU legislation. The approving authority is the Federal Ministry for Social Security and Generations. Besides this national procedure, generic medicines and most other pharmaceutical preparations can be registered by a “decentralized registration procedure”. This procedure is characterized by the principle of mutual recognition - meaning that once approval has been granted by at least one EU member state, other EU countries are, upon request, obliged to follow.

The Austrian pharmaceutical industry is characterized by subsidiaries of multinational companies and small to medium-sized Austrian firms. Both groups have enjoyed above average growth recent years. Market leaders are Novartis, Glaxo Wellcome Hoffmann la Roche, Janssen & Cilag Pharma and Merck Sharp Dohme.

In general, products from the U.S. enjoy an excellent reputation with respect to quality and safety. The Austrian market is highly receptive to U.S. imports in this field. In 2000, U.S. imports of drugs and pharmaceuticals reached 8.5 percent behind Germany (29.9 percent), but greater than France (6.8 percent), United Kingdom with (4.8 percent) and Switzerland (4.4 percent). However, the U.S. marketshare is higher due to the fact that many U.S. drugs and pharmaceuticals are manufactured in and imported from third-countries. Product groups which the highest sales shares are: antiulcerants; erythropietin products; antidepressants; cholesterol and triglyceride reduction preparations; anticoagulants, injectable; ACE-inhibitors, combinations; cephalosporins; ACE Inhibitors, plain; calcium antagonists, plain.

Data Table (million $)

	1999	2000	2001 (est.)
Total Market Size	1,539.5	1,494.8	1,520.3
Total Local Production	1,203.7	1,302.1	1,418.3
Total Exports	1,354.9	1,872.6	2,421.0
Total Imports	1,690.7	2,065.3	2,523.0
Import from the U.S.	144.8	176.3	215.3

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

6. Telecommunications Services (TES)

Mobile telephone services have continued to show strong growth both in terms of volume and value. Austria's mobile phone services recorded a growth rate of 37.5 percent over 1999 with sales topping $1.96 billion (EUR 2.12 billion)in 2000. Austrian mobile phone use is particularly high: with 6.120,000 subscribers which represents a penetration rate of 76 percent. Almost every household possesses two mobile phones.

Mobilkom Austria, majority-owned by Telekom Austria, is the market leader followed by max.mobil, Connect Austria and the U.S.-owned tele.ring. A key market driver in the past two years has been the rise of prepaid cellular telephony. Each operator has come to the market with various programs offering handsets and call-time vouchers. Another key factor in rising mobile sales is the extensive use of Short Message Services (SMS), driven by users between 15-25 years already use their handsets for text messages more often than for voice calls.

In November 2000, six licenses for Third Generation (3G) wireless telecommunications services were awarded to the four local mobile operators, as well as to Spanish Telefonica and the Chinese Hutchinson Whampoa for the relatively low price of $760 million (EUR 822.5 million) in total. Austrian consumers and Austria as a business location seem to be the real winners of this 3G auctioning. Mobile telephone users are expected to benefit from the cheap licenses, which will allow operators to invest in the 3G net, as well as the competition of six operators.

The value of fixed line services, including Internet and on-line services, reached $2.38 billion (EUR 2.58 billion) in 2000, 0.9% higher than in 1999. The market is expected to grow further by about 1% annually.

Growth in data and leased line service has been driven by increasing use of network outsourcing contracts and enhancement of corporate networks with multimedia capabilities. 67 licenses for leased line services have been granted. US companies active in this sector include Global Metro Networks, Metromedia Fiber Network Services, tele.ring, UPC Telekabel, WorldCom and Facilicom. Revenues in this sector amounted to $395 million (EUR 427.5 million) in 2000 and are expected to grow by 20 percent in 2001.

The telecom services sector is largely liberalized, well developed and highly competitive. Licenses are required for wire-bound public voice telephony, public offering of line leases, and wireless voice telephony. Only a simple registration requirement applies to all other telecom services. The convergence of mobile phones, Internet, TV, satellite and cable offer a potent mix of new services especially to American firms who are the most experienced suppliers for many of these services. U.S. telecom services providers present in Austria include Abovenet Communications, Airpage, AT & T Network Services, Equant Network Services, Facilicom International, tele.ring, UPC Telekabel, UUNET and WorldCom.

Data Table (million $)

	1999	2000	2001 (est.)
Total Sales	4,132	4,743	5,166
Sales by Domestic Firms	2,872	2,398	3,100
Sales by local firms abroad	N/A	N/A	N/A
Sales by Foreign-owned Firms	1,231	2,398	2,066
Sales by U.S.-owned Firms	248	379	413

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

7. Computers and Peripherals (CPT)

The Austrian market for computers and peripherals grew by about 10 percent in 2000 over 1999, reaching $2.7 billion (EUR 2.9 billion). PC's dominate computer hardware sales with a market share of 45 percent or about $1.2 billion (EUR 1.3 billion). Approximately 610,000 PC's and workstations were sold in 2000, a 12.5 percent increase in volume vis-a-vis 1999.

Mainframe sales reached $70.6 million (EUR 76.4 million) in 2000, mid-sized systems $94.3 million (EUR 102.1 million), and low-end systems amounted to $195.7 million (EUR 211.8 million). Data communications equipment sales reached $193.5 million (EUR 209.4 million), an increase of 4 percent over 1999. For 2001, the highest growth rates are forecast for low-end systems (63 percent) and mid-sized systems (48 percent). Mainframe sales will grow by approximately 6 percent.

Monitors with a 17" screen are standard for PC's but there is a growing demand for 19" screens. Prices for color and laser printers are steadily declining.

The United States is the main source of imports followed by Germany. Overall, sales for the entire computer hardware sector are expected to increase by 10 percent in 2001.

Installed PC Base by Main User Sector (Units)

	1999	2000	2001 (est.)
Home	400,000	1,042,000	1,098,000
Business	760,000	795,000	857,000
Government	82,000	89,000	99,000
Education	84,000	93,000	98,000
Total	1,930,000	2,018,000	2,152,000

Data Table (million $)

	1999	2000	2001 (est.)
Total Market Size	1,781	2,004	2,254
Total Local Production	1,400	1,575	1,772
Total Exports	1,565	1,761	1,982
Total Imports	1,946	2,190	2,464
Imports form the U.S.	159	258	290

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

8. Telecommunications Equipment (TEL)

The Austrian telecom equipment market is a completely liberalized, well developed highly competitive market. Major worldwide telecom equipment suppliers such as Siemens, Motorola, Ericsson, Nokia, Alcatel, Lucent Technologies and Cisco Systems have dominant positions. 2000 showed a vigorous growth in the market.

Mobile communications continued to be the boom segment of the industry. Sales are increasingly driven by replacements towards smaller, more compact handsets simply to accommodate new technologies such as Wireless Application Protocol (WAP). A similarly dynamic development can be expected for 2001. The enhancement of the currently existing GSM infrastructure and implementation of the new UMTS technology will drive a strong growth in the mobile infrastructure business.

An almost 20 percent increase in imports illustrates the above-average investment activities. With an import share of 5.6 %, the United States ranks fifth behind Germany with 23.5 percent, Sweden with 7.6 percent, UK with 7.5 percent, and France with 5.8 percent. U.S. telecom equipment enjoys an excellent reputation and is known for state-of-the-art technology.

Data Table (million $)

	1999	2000	2001 (est.)
Total Market Size	2,004.6	2,130.3	2,250.7
Total Local Production	1,170.3	1,348.9	1,441.8
Total Exports	1,013.0	1,431.1	1,893.9
Total Imports	1,847.3	2,212.5	2,702.8
Imports from the U.S.	98.8	124.8	152.4

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

9. Health Care Equipment (MED)

With its location in Central Europe and as one of the EU member states, Austria represents a desirable, affluent pilot market for U.S.-made advanced medical equipment. In 2000, U.S. manufacturers seized 21.2% of the medical equipment market and are the second-largest suppliers following Germany. The prospects for continued growth are strong as an annual 4% real growth rate of U.S. imports over the next three years seems realistic. In fact, U.S.-engineered medical equipment sales are actually much larger than reflected in official import statistics, as many products imported from Western Europe and Far Eastern countries are assembled by subsidiaries of U.S. firms.

Austria has 325 public and private hospitals with 77,500 beds of which approximately 900 are destined for intensive care. A total of 100 hospital departments are equipped with intensive care units. Austria has 1,058 beds per 100,000 inhabitants--about the average in Western Europe.

Austria has approximately 31,000 active physicians, of which approximately 16,000 are employed by private or public hospitals or walk-in clinics. This means 390 physicians per 100,000 inhabitants. 15,500 physicians have independent private practices.

The best opportunities for new sales appear to be for state-of-the art equipment such as electrocardiographs, ultrasound apparatus, endoscopes, scanners, computer tomograph equipment, nuclear medical instruments and clinical laboratory equipment. Hospital expansion and construction are limited, although there are still some pending projects in the provinces. Replacement of obsolete equipment is an ongoing process in any hospital, even the newer facilities.

Data Table (million $)

	1999	2000	2001 (est.)
Total Market Size	376	404	429.5
Local Production	145.2	160.8	171.9
Total Exports	297.3	314.8	333.3
Total Imports	528.1	558	590.9
Imports from the U.S.	111.2	117.5	124.4

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

10. Internet Services (INF)

The Austrian market for Internet services is growing rapidly. About 2.8 million Austrians were active Internet users in 2000, an increase of 25 percent over 1999. Of these 605,000 were businesses to consumer (B2C) users and 109,000 were business to business (B2B) users. High telephone costs, and ISP subscription fees, a general reluctance by Austrians to use electronic payments, and data protection concerns hinder Internet use. Nevertheless, the future of electronic commerce in Austria appears promising. Austrians spent about $1.9 billion (EUR 2.1 billion) for online purchases in 2000 – up from only $704 million (EUR 762 million) in 1999 which is a growth of 176 percent. By the end of 2001, online purchases will grow to $4.2 billion (EUR 4.5 billion).

In 2000, 74 percent of computer users have modems, up from 59 percent in 1999. During the same period, the number of ISDN business channels has increased to 669,000 from 504,000. This number is expected to reach 827,000 in 2001. Private ISDN channels numbered 215,000 in 2000, an increase of 66 percent vis-à-vis 1999.

Microsoft is winning the web-browsers duel with Netscape with about 80 percent market share. AltaVista leads Yahoo, Austronaut, Google and Lycos as the most popular search-engines. Sales of Internet Access Services, which are lease and/or dial access to the public Internet, reached $24 million (EUR 26 million) in 2000.

Telekom Austria' A-Online is the largest Internet provider in Austria, but there are 187 ISPs in the country. A complete list of ISPs can be obtained from the following website: www.ispa.at.

Despite some bandwidth and tariff structure limitations e-commerce is growing strong. Presently, there are about 714,000 commercial Internet users in Austria, however, this number is growing swiftly. Some 300,000 domain names are registered.

Internet Commerce (IC) Sales by Segment (million $)

	1999	2000	2001 (est.)
Total Internet Commerce (IC)	492	1,300	3,000
Business to consumer end-use	153	362	750
Business to business end-use	75	214	498
Business to business process use	263	728	1,720
Total end use IC	228	576	1,248
Total business to business IC	338	942	2,218

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

11. Franchising (FRA)

Franchising is a small but growing factor in the Austrian economy. With around 280 systems and around 3,850 franchisees in 1999, we estimate that Austrian franchising sales account for less than 5 percent of total retail sales (compared to nearly 50 percent in the U.S.). We are predicting an ongoing 10 percent growth in franchisees and 3-4 percent growth in franchising systems.

Although Austria is a particularly challenging market for U.S. franchising firms, it is also full of potential. Right now, U.S. franchises account for around 10 percent of all franchise companies and around 20 percent of all foreign franchises. Every year has seen 1-3 new U.S. systems entering the market, a trend that we expect to continue.

Data Table

	1999	2000	2001 (est.)
Total Franchise Systems	280	288	296
Total Franchise Businesses	3,850	4,235	4,658
Total Austrian Systems	132	136	140
Total Foreign Systems	148	152	156
Total U.S. Systems	29	31	33

Note: The above statistics are unofficial estimates.

B. Best Prospects for Agricultural Products

1. Wine

The average wine output is about 2.5 million hectoliters/year which corresponds roughly to the annual wine consumption. Large quantities of wine are imported and exported. The predominant suppliers are Italy, France, and Spain delivering mainly red wines.

Imports of U.S. wines are small as the import duty for non-EU wines is high. However, there is a niche market for California wine, particularly red wine of high quality. In recent years, intensive promotion of California wines has been carried out which has resulted in rising sales of U.S. wines. A large share of California wines is imported through German wholesalers and thus does not appear as U.S. product in the official trade statistics. According to these statistics, U.S. wine exports to Austria in 2000 were above U.S. $5 million, according to trade contacts, U.S. wine sales in Austria surpassed U.S. $10 million.

Data Table (in million U.S. dollar)

	1999	2000	2001
Total Consumption	390	313	319
Total Local Production	327	241	250
Total Exports	31	36	40
Total Imports	94	108	109
Imports from the U.S.	5	5	6

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

2. Rice (Including Broken Rice)

Due to the ongoing immigration of Asians, rice consumption is expected to continue its rising trend. (The lower 2000 and 2001 import and export figures are a consequence of the stronger U.S. dollar.) The major share of rice comes from mills in Italy, Germany, Belgium, and Netherlands. A large part of these imports is U.S. rice. Direct imports from the U.S., as indicated in the table, do not reflect the actual imports of U.S. rice as much is transshipped through countries that mill U.S. rice. Main competitors for U.S. rice are Italy and Thailand.

Data Table (in million U.S. dollar)

	1999	2000	2001
Total Consumption	22	21	20
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	22	21	20
Imports from the U.S.	2	1	1

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

3. Pet Food

With a growing number of both single households and older people seeking contact to living beings, the number of pets has been rising for a long time. As pet food meets only about one third of dietary needs of Austria's dogs and cats, Austria's pet food market should increase considerably in the next few years. It is believed that in the long term 80% penetration of the Austrian market will be possible.

The lion's share of pet food imports comes from other EU countries, followed by central Europe. The predominant suppliers are France and Germany. Direct imports from the U.S. are marginal. However, U.S. pet food comes also from other European countries, particularly Germany. Austria is a net exporter of pet food.

Pet food is defined as livestock feed. No registration is required for marketing pet food in Austria, but the product must comply with EU regulations.

Data Table (in million U.S. dollar)

	1999	2000	2001
Total Consumption	193	171	173
Total Local Production	200	180	182
Total Exports	63	62	61
Total Imports	56	53	52
Imports from the U.S.	4	1	1

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

4. Seafood

Austria's small fish production is limited mainly to trout and carp. Since Austria is a landlocked country, all marine fish, shellfish, and crustacea must be imported. The main suppliers are Germany, Netherlands, Denmark, Italy, and France. Of the total import value around 40% account for fresh/frozen fish, 10% for dried and/or smoked fish, 10%

for fresh/frozen crustacea and mollusks, and 40% for further processed fish, crustacea and mollusks.

Consumption of seafood is low, but rising. The drop in 2000 was probably an exception of the general trend. Per-capita consumption, which was 5.2 kg in 1990, increased to more than 6 kg in 1999. The reason for the general upward trend is the rising standard of living, health awareness, and the growing number of restaurants serving seafood.

In 2001, some successful U.S. seafood promotions took place, and further promotions are planned for 2002, which should step up the U.S. seafood market share in Austria. As with most products, transshipment through other EU countries does not provide actual product origin.

Data Table (in million U.S. dollar)

	1999	2000	2001
Total Consumption	199	168	172
Total Local Production	9	9	9
Total Exports	6	2	3
Total Imports	196	161	166
Imports from the U.S.	0.2	0.3	0.4

2000 (base year) exchange rate: $1 = EUR 1.082
Note: The above statistics are unofficial estimates.

5. Beef

Although Austria is a large beef producer, there are some market opportunities for certain U.S. beef cuts.

In the years before EU accession in 1995, Austria imported 800 to 1,000 MT of U.S. high quality beef (USHQB) (worth about AS 100 million) annually. Following EU accession, Austria had to apply EU veterinary regulations which resulted in a sharp drop in imports of USHQB.

Only beef produced under the "hormone free cattle" program is now permitted to enter the country. However, due to certifying/testing problems of "hormone free beef" and the increased value of the dollar, U.S. beef imports remained low in 1999 and 2000. The rising dollar is expected to prevent an import rise in the near future.

U.S. beef is imported by companies which traditionally sell to first class restaurants. In these restaurants, particularly in the larger cities and tourist areas, there is a good demand for high quality tenderloins and strip loins.

In general, the price of U.S. "hormone free beef" is relatively high and thus has only a limited market in Austria. Our main competitors are Austria's own producers and suppliers from other EU members, particularly Germany. For sanitary reasons, primarily

Foot and Mouth Disease, imports from the main South American suppliers such as Argentina, Uruguay, and most states of Brazil are banned at present.

Data Table (in million U.S. dollar)

	1999	2000	2001
Total Consumption	411	376	300
Total Local Production	529	469	400
Total Exports	186	136	140
Total Imports	68	49	40
Imports from the U.S.	0.5	0.5	0.2

2000 (base year) exchange rate: $1 = EUR 1.082

Note: The above statistics are unofficial estimates.

6. TRADE REGULATIONS, CUSTOMS, AND STANDARDS

A. Customs Regulations and Tariff Rates

Austria is a member of the European Union EU and as such the Austrian customs regime is based on the "TARIC" (integrated tariff of the EU), determined in Brussels.

EU Import tariffs vary depending on the product, however, for most U.S. exports the tariffs are relatively low. In fact, over half of all products from non-EU countries enter without any tariff. The average EU tariff level for manufactured goods is relatively low at 3.5%, but some goods are taxed at a higher rate. For example, passenger cars and office machines have duties of about 10%. For certain kinds of shoes and special motor vehicles, the rate may be up to 18%. U.S. exporters can obtain EU import tariff rates at the following websites:
http://europa.eu.int/comm/taxation_customs/databases/database.htm or www.taric.com

B. Non-Tariff Trade Barriers

In general, there are no non-tariff barriers for U.S. companies entering the Austrian market. Nevertheless, some U.S. pharmaceutical companies have complained about restricted access to the Austrian market. A U.S firm seeking to market a drug in Austria must first obtain approval from the Austrian Social Insurance Holding Organization (Hauptverband der Oesterreichischen Sozialversicherungstraeger). According to critics, the non-transparent procedures by which the Hauptverband approves drugs for reimbursement under Austrian health insurance regulations has perpetuated a closed market system favoring established suppliers. Pharmaceuticals not approved by the Hauptverband have higher out-of pocket costs for Austrian patients and therefore suffer a competitive disadvantage vis-à-vis approved products.

Some goods are subject to tariff-rate quotas, whereby after a certain quantity of the good has entered the EU at a low or zero duty rate, the rate is increased. These are primarily goods determined to be useful to the European economy only in certain quantities, generally raw materials or parts. The most important tariff quotas for manufactured goods are on chemicals and electronics. Both are administered on a first-come, first-served licensing basis. The Austrian importer can get information about the extent to which the quota has been filled through the Customs Office Suben, which has an on-line connection to Brussels, as well as through the Main Customs Offices (Hauptzollaemter) or via the internet at http://europa.eu.int/comm/taxation_customs/databases/database.htm

C. Import Taxes including Value Added Taxes

When a delivery is made to Austria, the products become liable to the import value-added tax (Einfuhrumsatzsteuer) upon entry in the Austrian customs area. The import value-added tax is assessed according to the customs value of imported goods. The importer is entitled to claim a refund of the import value-added tax from the tax office once the product is sold further in the distribution chain.

Finally, the end-user is liable to the Value Added Tax (VAT) which generally amounts to 20% in Austria. For food products the VAT is 10% only. Alcoholic beverages fall into the 20% VAT category.

The rates for the import value-added tax and the VAT are identical. The VAT is a pure tax on transactions that is ultimately absorbed by the end-user or consumer.

D. Import License Requirements

The European Union, and therefore Austria, requires import licenses for a number of products, first and foremost for agricultural produce and products. This holds for all originating countries, including the United States. Special rules apply for imports of particular products and countries, such as shoes from China. European Union import quotas are managed through the granting of import licenses to qualified firms. In general, an Austrian importer must possess an export license from the supplier country, and then obtain permission to import from the Austrian authorities (Einfuhrbewilligung). For imports of agricultural products, importers should contact *Agrar Markt Austria (AMA)*, Dresdner Strasse 70, A-1201 Vienna, Tel: (43 1) 331 51-0. http://www.ama.at. The licensing authority for most other goods is the Austrian Ministry of Economics and Labor (see Section "J" below for contact information).

The import of war materiel requires a license and individual approval of each shipment. The licensing authority responsible for these products is the Austrian Ministry of the Interior.

E. Temporary Goods Entry Requirements

There are no tariffs imposed on goods that enter Austria on a temporary basis for a particular purpose, such as transit goods or goods intended for demonstration or exhibition at trade fairs. A refundable security deposit is required equal to applicable import duties.

In the case of a commodity that is imported on a temporary basis to be used and returned (such as machinery), a compensatory levy of 3% per month applies if the commodity would be dutiable if imported permanently into Austria.

F. Special Import/Export Requirements

Austria complies with the special import provisions administered by the EU, including the Generalized System of Preferences, the Multi-Fiber Arrangement, as well as cooperation and association agreements with most Central and Eastern European countries.

In order to bring goods from a third country into Austria and thus into the EU market, a customs declaration must be made by a resident of the EU. Depending on the product and the country from which it is being imported, specific evidence (such as proof of country of origin) must be included. Where a tariff applies, the duty is collected immediately or, in cases where deferred payment can be made (such as import through a forwarding agency), is payable by the 15th of the following month.

Austrian exporters are required to report intended transactions to the Export Customs Authority if the value of the goods exceeds EUR 2,906.91 (US $2,686). Most goods require no special permission for export (the exception pertains to strategic items). The content of the shipment is verified at an external border of the EU.

G. Labeling Requirements

Austrian labeling and marking requirements are in some respects not as strict as those in the United States. Nutritional information is not required on food products, nor are safety warnings mandated on electrical devices. The most important requirements include washing instructions on textiles, and certification of safety (the CE mark) on machines, toys, and baby accessories. It is not required that labeling be in German, though this may be advisable for marketing reasons.

Efforts are underway to harmonize EU labeling and marking requirements along with quality and safety standards. Ultimately, a CE mark will be required for most U.S. manufactured imports. Until that time, the regulations are a frustrating mix of national, EU, and international requirements.

Products that are inadequately labeled are not turned away at the border. The person importing the product bears the responsibility to ensure products are certified and properly marked before they are offered for sale. There is no special procedure required for importers claiming non-marked products at the border.

H. Prohibited Imports

The import of certain commodities into Austria is prohibited, usually the result of international sanctions and the like. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals and plants, safeguard national security, or to protect artistic, cultural or intellectual property. Examples would be restrictions and controls on the import of certain food stuffs, wines, drugs, pharmaceuticals, seeds, war materiel, antiques, etc.

I. Warranty and Non-Warranty Repairs

If replacement parts for warranty or non-warranty repairs of a product are brought into Austria on a temporary base and the products are re-exported after repair, no duties and taxes will be charged for this transaction. This would be handled by a carnet in the so-called excise bond procedure.

J. Export Controls

Austria is a member of the Australia Group, the Missile Technology Control Regime, the Nuclear Supplier Group and the Wassenaar Arrangement. To exports of nuclear, biological and chemical goods, items and technologies, as well as dual use items the EU regulation for common export controls of dual use goods No. 1334/00 applies. The Wassenaar Military List is subject to export controls by law.

In accordance with EU regulations, the export and re-export of goods to states under sanctions requires a special export license issued by the Austrian Ministry of Economics and Labor.

The export or transit of goods on the Wassenaar ammunition list requires a license from the Austrian Ministry of Economics and Labor. War materiel for export or transit is subject to a license by the Austrian Ministry of the Interior.

Contact person for further questions:
Dr. Helmut Krehlik
Austrian Ministry of Economics and Labor
Landstrasse Hauptstrasse 55-57
1030 Vienna, Austria
Tel.: (43 1) 711 008345
Fax: (43 1) 711 008386

K. Standards

Austria is a signatory to the WTO (GATT) Agreement on Product Standards. As a member of the European Union, Austria is obligated to adopt European standards. While some European standards are already legally binding, others may still be in a transition phase, and still others may be awaiting national implementation. In the absence of a European standard, the national standard will apply.

National Standards: Austrian national standards are prepared and administered by the Austrian Bureau of Standards (Oesterreichisches Normungsinstitut - ON), a private non-profit organization incorporated by the Austrian Parliament in the Standards Act of 1971 as the only Austrian body to issue and endorse Austrian standards. The ON can also provide information on nongovernmental standards.

Oesterreichisches Normungsinstitut (ON)
(Austrian Bureau of Standards)
Heinestrasse 38, Postfach 130
A-1021 Vienna, Austria
Tel: (43 1) 213 00-613
Fax: (43 1) 213 00-650

The ON prepares standards in a variety of fields: ores and metals, mechanical engineering, building and construction, health and medical equipment, non-metallic materials, chemical and allied industries, special technologies, personal safety, food, environment, and waste management.

About 90% of the standards ON prepares are voluntary. The ISO 9000 series of quality management standards is one of the most important voluntary standards in Austria, and has become almost a requirement in many industries.

The ON also produces an annual catalogue of its standards, the ON-KATALOG, which is a compilation of all standards currently applied in Austria. A monthly magazine, CONNEX, provides information on the latest changes in national, European and international standards. ON InfoPoint is a commercial information service which will provide clients with updates on standards and technical regulations in Austria and abroad. Contact ON directly to access any of these publications or services.

EU Standards and Harmonization: The harmonization of standards requirements for the entire EU is being tackled on a product-by-product basis. In each case, full implementation follows only after a transition period. Until the United States and the EU ratify an agreement on mutual recognition of safety certification for a particular product area (i.e., a product needs to be tested just once before being marketed on either side of the Atlantic), most American products sold in the EU will require the "CE" mark (the certification that a product has met EU safety and quality standards) once all directives have been passed and all transition periods have expired. Austrian consumers look for these marks the same way Americans look for the "UL" mark.

The current mix of national and EU standards requirements can be frustrating for the U.S. exporter. Those products for which an EU directive has been issued are subject to EU standards requirements that supersede any national requirements. Manufactured goods falling under an EU directive must be tested and certified, and carry the "CE" mark in those countries in which the transition period has expired. Those products for which no directive has been issued continue to be subject to national requirements. Assistance in determining which standards apply to particular products designated for export is available at CS Vienna.

Both EU requirements and the standards for an Austrian quality or performance mark will often require that a product be modified. Even if the product does not require modification, it will require testing and certification before it can be marketed.

Contact information for EU "CE" standards:

Single Internal Market Information Service
Office of European Community Affairs
Room H3036
International Trade Administration
U.S. Department of Commerce
Washington, D.C. 20230
Phone: (202) 482-5823
Fax: (202) 482-2155

Inquiries regarding technical trade barriers should be directed to the Federal Ministry of Economics and Labor:

Bundesministerium fuer wirtschaftliche Angelegenheiten
(Austrian Federal Economic Ministry)
Abteilung 1/5
Stubenring 1
A-1011 Vienna, Austria
Tel.: (43 1) 711 00-5452
Fax: (43 1) 713 79 95

U.S. contacts for foreign standards information:

National Institute of Standards and
Verification of Information
Building 820, Room 164
Gaithersburg, MD 20899
Phone: (301) 975-4040
Fax.: (301) 926-1559

Ms. Kathryn Novelli
DAUSTR for Europe and Mediterranean
Office of the U.S. Trade Representative
600 17th Street, NW, Room 323
Washington, D.C. 20508
Phone: (202) 395-3320
Fax.: (202) 395-3974

American National Standards Institute
11 West 42nd Street
13th Floor
New York, NY 10036
Phone: (212) 642-4900
Fax: (212) 302-1286

L. Free Trade Zones/Warehouses

Austria has no foreign trade zones anymore. It has only two customs warehouses in Vienna and Tyrol province, where products of foreign origin may be stored without the obligation to pay duty. Their impact has been limited, and foreign investors have shown little interest.

M. Membership in Free Trade Agreements

As an EU member, Austria participates in the European Economic Area (EEA). Austria is also a member of the World Trade Organization (WTO). Although Austria has no bilateral free trade agreements, as an EU member it participates in all EU trade agreements, including:

- Association agreements involving political and economic elements in addition to tariff reductions with Bulgaria, Switzerland, Czech Republic, Hungary, Iceland, Liechtenstein, Norway, Poland, Romania, Slovak Republic, South Africa

- Free trade agreements primarily involving reductions in tariffs. Agreements are in place with Estonia, Latvia, Lithuania, and Mexico.

- Cooperation agreements concentrating on increasing trade and cooperation, in place with Belarus, Kazakhstan, Kyrgystan, Moldova, Russia, and Ukraine.

In addition, there are trade agreements in place with Cyprus, Malta, Morocco, Tunisia, Egypt, Syria and Israel; customs union agreements with Turkey, San Marino and Andorra. The EU extends customs preferences to many African and Caribbean states.

N. Customs Contact Information

Hauptzollamt Wien (Central Customs Office-Vienna)
Zolldokumentationsstelle
Schnirchgasse 9
A-1030 Vienna, Austria
Tel.: (43 1) 795 90 3200
Fax: (43 1) 795 90 2399
E-mail: N/A
Web address: www.bmf.gv.at

7. INVESTMENT CLIMATE

A. Openness to Foreign Investment

Government attitude toward foreign private investment:
Austria has traditionally welcomed foreign direct investment, and basic policies toward foreign direct investment are expected to stay the same or improve in coming years. A large number of foreign firms, including some 400 U.S. companies, have invested in Austria and most have expanded their original investment over time. Austria particularly seeks investments that create new jobs in high technology, promote capital intensive industries, are linked with research activities, improve productivity, replace imports, increase exports, and do not have a negative impact on the environment. In some regions, Austria offers special facilities and services ("cluster" packages) to foreign investors, for example, for manufacturers of chips, silicon and high-tech products or for automotive producers. Additional tax incentives are planned to encourage industrial research and international research organizations to locate in Austria.

The Peoples' Party (OVP) and Freedom Party (FPO) coalition government in office since February 2000 is on the record as seeking economic and social reform and further improvement of the business climate. Priorities include increasing flexibility in labor and capital markets; lowering business costs; simplifying the Business Code; further streamlining permit procedures for new businesses; reducing regulatory red tape by centralizing permit approvals in one location; and introducing more flexible work hours and shop opening hours. The government is also in the process of simplifying and streamlining the social welfare system. The government has already implemented measures to reduce government expenditures and lower the budget deficit, partially reformed the pension system by raising the age and reducing the benefits for early retirement, and carried out several major privatizations. The full liberalization of the electricity and gas sectors is scheduled for October 2001 and October 2002, respectively, ahead of much of the rest of the EU.

Business costs in Austria are in line with those in G-7 countries, and continue to develop favorably. Electricity and telecom costs have come down appreciably in response to liberalization and competition. Large energy users are free to contract with foreign suppliers for their electricity needs. Firms have the option of selecting the most competitive from among a large number of private telecom suppliers. Strong productivity growth in combination with moderate wage increases has also resulted in lower costs for international investors. Unit wage costs in Austrian industry declined about 8% in the past three years. Austria's corporate tax rate is just above the OECD average but still slightly below that of Germany.

There are no formal sectoral or geographic restrictions on foreign investment, although investment in sectors with excess capacity, such as steel, textiles, and paper, is not encouraged. Financial and tax incentives within EU parameters are offered to firms undertaking projects in economically depressed areas and underdeveloped districts on Austria's eastern borders. Some of these geographic areas are also eligible for subsidies under EU programs. The only instances of local opposition to investment in the manufacturing sector have arisen out of environmental concerns. Potential U.S. investors need to factor into their decision-making process Austria's strict environmental laws. Austria's strong pro-environmental attitude is reflected in its rejection of nuclear energy and tight restrictions on the introduction of biotechnology products, together with strict liability regulations for research, production, and distribution of genetically modified organisms (GMOs).

In examining whether to establish operations -- particularly headquarter functions -- in Austria, potential U.S. investors consider a wide range of factors. Austria's geographic situation as an EU member with "front-door" access to Central and Eastern Europe (CEE), the high quality and morale of labor, labor productivity, the country's political and social stability, and other features such as rule of law, high quality of life and security are often cited as positive features that counterbalance less positive aspects such as regulatory rigidities and red tape.

Acquisitions, mergers, antitrust:
International acquisitions of domestic enterprises are permitted in Austria. Since January 1, 2000, investors have faced stricter antitrust and competition policy regulations. International cartels are not prohibited, but are subject to oversight by the cartel court to prevent the abuse of market power. The consent of the cartel court must be obtained, requiring that the applicant refrain from market behavior that would limit or impede competition. Selling below cost is considered a possible abuse of a dominant market position. The cartel court must be notified of mergers and acquisitions if combined world-wide sales are in excess of $282 million (EUR 305 million), if domestic sales exceed $14.1 million (EUR 15.3 million), or if two of the firms involved each have world-wide sales exceeding $1.9 million (EUR 2.0 million). Government plans for antitrust reform include a reorganization of the cartel court and provisions for retroactive reversal of mergers.

A new takeover law, in effect since January 1, 1999, provides investors better protection against insider trading. It applies to both friendly and unsolicited takeovers of corporations headquartered in Austria and listed on the Vienna Stock Exchange. Any shareholder obtaining a controlling stake in a corporation (30% or more of all shares) is required to offer to buy out smaller shareholders at a defined "fair market" price. An independent takeover commission at the Vienna Stock Exchange oversees compliance.

Screening mechanisms:
Only those foreign investments with government financial assistance are subject to government overview. Screening is intended only to ensure compliance with EU regulations which limit such assistance to disadvantaged geographic areas.

Privatization:
In the ongoing privatization of public enterprises, foreign and domestic investors are, in principle, treated equally. In line with a further privatization initiative presented in spring 2000, the government has already sold 100% of its shares in the Postal Savings Bank, its 41.1% share of the Austrian tobacco company, its 17.38% stake in the Vienna airport company, and -- through an initial private offering (IPO) -- 25.8% in Telekom Austria (TA), which was part of the former postal monopoly and Austria's largest telecom company. Further near-term privatization plans are for selling 100% of the Dorotheum auction house and bank and the Print Media industrial printing concern. In a second phase the government will review full privatization of its shareholdings in the partly privatized companies Austrian Airlines, Boehler-Uddeholm, the postal service company, OMV petroleum company, Voest-Alpine steel, and Voest-Alpine technology. Despite the liberalization of electricity markets, the government is stuck with its 51% majority in the federal power company "Verbund" and other energy providers on the provincial level because selling these shares requires a two-thirds majority in Parliament and the Social Democratic Party refuses to approve such a move. A stated policy of "maintaining the Austrian interest" in banks and basic industries has so far not resulted in specific implementation of regulations. Thus, foreign investors have been successful in obtaining shares in important Austrian industry sectors, for example the telecom and energy sectors, and in Austria's largest bank, Bank Austria.

Treatment of foreign investors:
There is no discrimination against foreign investors. However, foreign investors are required to meet a number of regulations. Although participation by Austrian citizens in ownership or management is not required, at least one manager must meet residence and other legal qualifications. Non-residents must appoint a representative in Austria. Expatriates are allowed to deduct certain expenses (costs associated with moving, maintaining a double residence, education of children) from Austrian-earned income.

Investment incentives:
Forty-one percent of Austria's land area is eligible for support under various EU structural fund programs. The Austrian federal, provincial, and local governments also provide financial incentives within EU parameters to promote investments in Austria. Incentives under these programs are equally available to domestic and foreign investors and range from tax incentives to preferential loans, guarantees and grants. Most of these incentives are available only if the planned investment meets specified criteria (e.g., implementation of new technology, reducing unemployment, etc.). Starting in August 2001, a new website www.foerderportal.at will provide information on all available financial incentives in German language, with an English version to follow.

B. Conversion and Transfer Policies

There are no restrictions on converting or transferring funds associated with foreign investment. The Austrian National Bank (ANB) has fully liberalized all cross-border capital transactions for non-residents and residents, including the acquisition of Austrian securities, debt service, and the repatriation of profits, interest payments, dividends, and proceeds from the sale of an investment.

The Austrian schilling is a freely convertible currency. On January 1, 1999, Austria became a founding member of the Economic and Monetary Union (EMU) and adopted the common Euro currency, which will fully replace the schilling for all transactions at the beginning of 2002. Effective March 1, 2002, the Austrian schilling will no longer be legal tender. On December 31, 1998, the exchange rate for Euro 1.00 was irrevocably fixed at Austrian schillings 13.7603. Investors are therefore shielded from any exchange rate risk of the schilling against the eleven other participating currencies during the end of the transition to the Euro on February 28, 2002.

Since the start of the EMU on January 1, 1999, the European Central Bank (ECB) has been responsible for setting monetary policy in the EMU area. The ECB's primary goal in defining monetary policy is to maintain price stability. The Austrian National Bank has one seat and one vote on the ECB's Governing Council.

C. Expropriation and Compensation

Expropriation of private property in Austria is rare and may proceed only on the basis of special legal authorization. It can be instigated only when no other alternative for satisfying the public interest exists; when the action is exclusively in the public interest; and when the owner receives just compensation. The expropriation process is fully transparent and non-discriminatory towards foreign firms.

D. Dispute Settlement

The Austrian legal system provides an effective means for protecting property and contractual rights of nationals and foreigners. Additionally, Austria is a member of the International Center for the Settlement of Investment Disputes. Enforcement of foreign arbitration awards in Austria is also granted by the New York Convention of 1958. There have been no recent reports of bilateral investment disputes.

E. Performance Requirements/Incentives

Austria is in compliance with World Trade Organization Trade Related Investment Measures (TRIMS) agreement notification. There are virtually no restrictions on foreign investment in Austria and there is no discrimination against foreign investors, however, some requirements exist. For example, at least one manager must meet residency and other legal qualifications. Non-residents must appoint a representative in Austria.

Although not required in order to gain access to tax incentives, performance requirements may be imposed when foreign investors seek financial or other assistance from the Austrian government. There is no requirement, however, that nationals hold shares in foreign investments, that the share of foreign equity be reduced over time, or that technology be transferred.

The U.S. and Austria are signatories to a 1931 Treaty of Friendship, Commerce, and Consular Rights. The 1997 immigration law brought relief from burdensome visa requirements to the American business community in Austria. While the law cut down on the overall number of immigration slots, other categories, such as key managers, intra-company transferees and management trainers – and their families – have benefited from a newly created category of temporary visas with no numerical limitations. Recruitment of long-term overseas specialists or managers is controlled by a quota-controls. To address shortages of skilled labor, the year 2001 quota numbers for key managers and skilled labor have been slightly raised (at the expense of other categories). The new numbers are based on a study by the Austrian Institute of Economic Research, which foresees further shortages of personnel in the information technology and telecom sectors. An American Chamber of Commerce study of July 2000 supported these findings.

F. Right to Private Ownership and Establishment

Foreign and domestic private enterprises are free to establish, acquire, and dispose of interests in business enterprises, with the exception of television, railroads, some utilities, and state monopolies. As the government continues to pursue privatization, some of these industries are gradually being opened up to private investment as well. For example, legal changes were implemented in 1997 to allow private radio on a limited number of licenses. The postal monopoly for wire-transmitted voice telephony and infrastructure was dismantled in 1998, the Austrian electricity market was liberalized in February 1999 and the Austrian gas market will be fully liberalized by October 2002. In July 2001, Parliament approved the government's bill authorizing private terrestrial TV. The ambitious privatization program of Austria's government foresees full or partial privatization of many important Austrian companies. For example, the government sold 100% of the shares in the Postal Savings Bank to BAWAG bank in August 2000 and its 41.1% share in the Austrian tobacco company to the British Gallaher in June 2001. In most business activities, 100% foreign ownership is permitted. Foreign direct investment is restricted only when competing with monopolies and utilities. License requirements, such as in the banking and insurance sectors, apply equally to domestic and foreign investors. The latter, however, is dependent on reciprocity. Specific regulations on requirements for joint ventures do not exist.

G. Protection of Property Rights

The Austrian legal system protects secured interests in property, both movable and real. Mortgages are recognized, if they are registered in the land register and the underlying contracts are valid. The land register provides a reliable system for recording interests in property. For any real estate agreement to be effective, the agreement must be entered with the land register. This requires approval of the land transfer commission or the office of the provincial governor. Any interested party has access to the land register.

Austria has laws to protect intellectual property rights, including patent and trademark laws, a law protecting industrial designs and models, and a copyright law, all of which offer the holder protection. Legislation also protects three-dimensional semiconductor chip layout design. In 2001, Austria, in line with EU requirements, implemented a law against product piracy to prevent trade in counterfeit goods. Nevertheless, Austria is among the top six countries within the EU when it comes to software piracy.

Austria is a party to the World Intellectual Property Organization (WIPO) and several international property conventions, including the European Patent Convention, the Patent Cooperation Treaty, the Madrid Trademark Agreement, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purpose of Patent Procedure, the Universal Copyright Convention, the Brussels Convention Relating to the Distribution of Program-Carrying Signals Transmitted by Satellite, and the Geneva Treaty on the International Registration of Audiovisual Works. In compliance with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Austria extended patent terms so that patents on inventions are valid up to 20 years after application. Since both the United States and Austria are members of the "Paris Union" International Convention for the Protection of Industrial Property, American investors are entitled to the same kind of protection under Austrian patent legislation as are Austrian nationals. In accordance with the Madrid Agreement, Austria's protection period for trademarks is ten years, with the option to extend for another ten years, if registration is renewed before expiration.

Trade secrets are protected by various regulations. For example the right to privacy, data protection regulations, and the federal statistics law prevent publication of production data, provided there are four producers or less.

Austrian copyright law grants the author the exclusive right to publish, distribute, copy, adapt, translate, and broadcast his/her work. Legal challenges, however, can be time consuming and complicated. Austria's copyright law is in conformity with the EU directives on intellectual property rights. The Austrian copyright collecting society is pressing hard for an additional copyright tax on hard disks which would be due on every purchase of a regular computer or notebook. The introduction of such a tax cannot be ruled out for the year 2002.

H. Transparency of the Regulatory System

The Austrian government has long recognized the need to streamline its complex and time consuming regulatory environment. Its cumbersome permit and paperwork requirements have served as disincentives to foreign investment. Some of the attempts to streamline the regulatory process are reflected in the Business Code of 1997, which provides for simplified and faster administrative procedures to obtain business permits and reduces considerably the number of business categories. In general, the time for obtaining all necessary permits has been reduced to about three months, except for large projects requiring an environmental impact assessment. However, efforts to implement a "one-stop shop" for business permits have been stymied thus far. Plans also include further reform of the Business Code. The goal is to speed up establishment of new businesses by dividing businesses into two broad categories -- those that require official approval and those that don't -- and simplifying qualification requirements for those that do.

Despite bureaucratic problems, both tax and labor laws, as well as health and safety standards, are applied uniformly and do not influence the sectoral allocation of investments. The Austrian investment climate has become more conducive for business since Austria became a member of the EU. The adoption of regulations to foster competition, including limited liberalization of shopping and work hours have provided benefits for employers, employees and consumers alike. The government plans to introduce flex-time and gender-neutral regulations for night work by 2001 in compliance with EU regulations, and more liberal regulations for shop opening hours. Even assuming success, shops will remain closed on Sundays.

I. Efficient Capital Markets and Portfolio Investment

A broad variety of credit and portfolio investment instruments are traded in an open capital market. Foreign firms have access to this local market without restrictions and are free to use foreign credit markets as well. The Vienna Stock Exchange, established as a private corporation in 1997, undertook major reforms in 1998 to facilitate investment. In November 1999, the Vienna Exchange expanded trading hours and initiated cooperation with the Frankfurt Stock Exchange by connecting its cash market to Xetra, Frankfurt's electronic trading system. Traders world-wide now have on-screen information and direct access to all stocks listed in Vienna. Quotations on the Vienna Stock Exchange are in the Euro currency and the fee system is transparent. All listed companies are required to publish quarterly reports. Criminal penalties for insider trading are in place. The "Austrian Securities Authority" (an Austrian version of the U.S. Securities and Exchange Commission), established in 1998, is working hard to police irregularities on the stock exchange, but suffers from limited staff and budget.

New buy-back regulations, in place since 1999, have considerably expanded the previously very limited possibilities for issuers to acquire their own shares. Austria's regulations comply with international standards permitting buy-backs as an instrument to influence a company's capital structure, to reduce excess liquidity, or to prepare for listings on exchanges abroad.

The legal, regulatory, and accounting systems are transparent and consistent with international norms. Austrian regulations governing accounting standards will provide U.S. investors with improved and internationally standardized financial information. Austrian-based companies, including subsidiaries of U.S. parent companies, are required to present their consolidated financial statements in accordance with International Accounting Standards (IAS) or Generally Accepted Accounting Principles (US-GAAP).

Austria has a highly developed and sound banking system with worldwide correspondent relationships, as well as representative offices and branches in the United States and other major financial centers. Total assets of Austria's five largest banks amounted to Euro 333 billion (USD 307 billion) in 2000.

J. Political violence

There have been no incidents of politically motivated damage to foreign businesses. Civil disturbances are extremely rare.

K. Corruption

The Austrian penal code contains penalties for bribery, including a fine of up to $303 (EUR 327) per day for up to 360 days or up to two years imprisonment for the payer and up to five years imprisonment for the recipient of a bribe. Under the penal code, any person who bribes a civil servant, a foreign official or a manager of an Austrian public enterprise is subject to criminal penalties. Austria completed ratification of the OECD Anti-Bribery Convention May 20, 1999, when the Austrian government deposited the ratification instrument with the OECD in Paris. The Convention entered into force July 19, 1999. Corresponding penal code legislation has been in place since summer 1998.

Prior to the implementation of the OECD Convention, the tax deductibility of bribes and any gray market payments (regardless of their title as operating, income-related or other expenses) was abolished. The non-deductibility covers all payments and other material grants, the granting or accepting of which is subject to legal penalties.

The Federal Ministry of Justice has the primary responsibility for prosecuting acts of corruption, but in the case of public tenders, the Federal Chancellery may also become involved. No records exist yet to assess the degree of enforcement. The U.S. Embassy in Vienna has never received any reports from U.S. firms alleging corruption as an obstacle to either doing business or investing in Austria.

L. Bilateral Investment Agreements

Austria has bilateral investment agreements in force with Albania, Argentina, Azerbaijan, Bulgaria, Cape Verde, Chile, China, Croatia, Estonia, Hong Kong, Hungary, India, Kuwait, Latvia, Lithuania, Malaysia, Mexico, Morocco, Paraguay, Poland, Romania, South Korea, South Africa, Tunisia, Turkey, Ukraine and Vietnam.

Agreements have been initialed with Bangladesh, Belarus, Bolivia, Bosnia-Herzegovina, Cuba, Egypt, Jordan, Iran, Lebanon, Macedonia, Moldavia, Mongolia, Oman, Slovenia, Uzbekistan and Zimbabwe have been signed, but are not yet in effect. Additional agreements with Armenia, Belize, Georgia, North Korea, Philippines, Saudi Arabia, United Arab Emirates and the Federal Republic of Yugoslavia (FRY).

Until new agreements take effect, the existing agreement with former Czechoslovakia, per exchange of notes, continues to apply to the Czech Republic and Slovakia, that with the former Socialist Federal Republic of Yugoslavia (SFRY) to Macedonia, Slovenia and the Federal Republic of Yugoslavia (FRY), and that with the former Soviet Union to Russia. Negotiations with Russia for a new agreement have been initiated.

Under all these agreements, investment disputes that cannot be settled amicably may be submitted to the International Center for Settlement of Investment Disputes or an arbitration court according to the UNCITRAL arbitration regulations.

The U.S. and Austria are parties to a bilateral double taxation treaty covering income and corporate taxes, which went into effect on February 1, 1998. Another bilateral double taxation treaty covering estates, inheritances, gifts and generation-skipping transfers has been in effect since 1982.

M. OPIC and Other Investment Insurance Programs

OPIC programs are not available for Austria. Since May 1997 Austria has been a member of the Multilateral Investment Guarantee Agency (MIGA).

N. Labor

Austria has a highly educated labor force of 3.7 million people. Depending on labor demand, government policies limit the number of foreign workers to between 8-10% of the salaried workforce. In 2000, the number of guest workers averaged 319,400. While demographic trends indicate little growth in the labor force over the next few years, other factors, such as productivity gains, industrial restructuring, federal employment incentives for women, measures to raise the retirement age, and government efforts to reduce civil service employment serve to offset the demographics. However, with clear regional differences there are shortages of highly specialized laborers in specific sectors such as metalworking, telecoms, new media, data processing and software. The U.S. Embassy in Vienna has reports from the American Chamber of Commerce in Austria that American firms have no problems in finding the required staff in the Austrian labor market, with the exception of two fields, tourism and information technology. According to these reports, U.S. firms in Austria also find that Austrian employees meet their workplace requirements very well and generally rated highly the Austrian educational system.

Compared to other EU countries, Austria had a relatively low unemployment rate of 3.7% in 2000, according to EU calculations. Predictions for 2001 call for a further decline to 3.6%. Legislation enacted in early 1996 and again in 1999 is designed to counteract the rising unemployment among older workers. It provides financial bonuses for companies hiring workers age 50 and above, and envisions penalties for businesses laying off workers within this age group. Moreover, a pension reform implemented in 2000, raises the age and lowers the benefits for early retirement and will serves as a disincentive for early retirement.

Like other EU members, Austria submitted a national employment plan to the EU in April 1998. Its stated aim is to create 100,000 new jobs over a 5-year period, and to reduce unemployment from 4.5 to 3.4%. The plan does not focus on any single employment strategy, but contains a policy mix of federal employment programs and work incentives, particularly for young workers and women. With the current unemployment rate, due to solid economic growth, the government practically achieved its target two years early. However, the projected weaker real economic growth of 1.7% in 2001 and 2.2% in 2002 will not lead to further improvement on the labor market.

Law in Austria closely regulates terms of employment. Working hours, minimum vacation time, holidays, maternity leave, juvenile work allowances, statutory separation notice, protection against dismissal, and the right to severance pay are all secured by law. However, the requirements of EU membership have promoted an increase in work flexibility. For example, the night shift ban for women will be completely phased out by 2001 in line with pertinent EU regulations. In 2000, the government harmonized the decade-old, two-tier benefits system of white and blue collar workers. A reform of the severance pay system is underway.

Austrian social insurance is compulsory and comprises health insurance, old-age pension insurance, unemployment insurance, and accident insurance. Social insurance contributions are a percentage of total monthly earnings and are shared by employers and employees. The current OVP-FPO coalition government seeks to streamline the mandatory state-subsidized social insurance sector and insert incentives for private insurance plans as a complement to the public insurance system.

High non-wage payroll costs (70% of direct wage costs) are frequently cited as a reason for Austria's relatively high labor costs. In the past two years these non-wage payroll costs have declined slightly (due to lower absentee period of employees and lower severance pay burden as large cuts in employment in state-owned industries and major structural changes are completed). The government is committed to cut these costs further, despite challenges from organized labor. While the government has already reduced employer costs by tightening leave policies, other measures, including a reduction of employer social welfare contributions, are planned to be implemented in 2003. Whether the government will be able to fulfill its promise in light of the additional promise of a tax cut in 2003, the balanced budget goal and a weakening economy is unclear.

About 50% of the work force is unionized. Shop stewards must be consulted on various issues. Co-determination rights of employees are regulated by law. At least one-third of the members of a corporation's board of directors must come from the firm's staff. Labor-management relations are generally harmonious and strikes are rare. When the government revealed its program of economic reform and privatization in spring 2000, it met strong resistance from the labor chamber and the trade unions, which threatened strikes and work slow-downs. Despite these threats, the government obtained parliamentary approval for its reform program, in effect by-passing social partnership institutions. With the exception of a one-hour "warning" strike by railway workers in June 2000, no strikes occurred in response. However, the social partnership, which traditionally underpinned consensual decision-making, has been under severe pressure. A large-scale union demonstration in July 2001 in response to this pressure may presage further industrial action; but this would be a departure from Austria's mostly calm post-war labor history.

Collective bargaining revolves mainly around wage adjustments, fringe benefits, and reduction of the work week. While the law still provides for a maximum of 40 hours per week, collective bargaining agreements provide for a work week of 38 or 38.5 hours per week for more than half of all employees. Legislation for more flexible work hours has been in place since 1997 and in those sectors where it has been implemented, it has proven very popular. Gender-neutral regulations for night work will be introduced by 2001 in compliance with EU requirements. The government has not yet realized its plans to authorize introduction of flex-time by individual or company agreements or for more liberal shop opening hours, but with shops remaining closed on Sundays.

O. Foreign-trade Zones/Free Ports

Austria has no foreign trade zones anymore. It has only two customs warehouses in Vienna and Tyrol province, where products of foreign origin may be stored without the obligation to pay duty. Their impact has been limited, and foreign investors have shown little interest.

P. Foreign Direct Investment Statistics

In 2000, the inflow of new foreign direct investment reached $9.2 billion (EUR 9.9 billion), equal to 4.8% of GDP – the highest amount in the post WWII period. This exceptionally high figure is due to the takeover of Austria's largest bank, Bank Austria, by the German Hypo-Vereinsbank. It pushed the value of the foreign direct investment stock in Austria to $28.6 billion (EUR 30.9 billion), equal to 15.0% of GDP.

Note: The 2000 annual average exchange rate for USD 1.00 was Euro 1.082.
Source: Austrian National Bank statistics on Austrian outward and inward direct investment at the end of 1998, published in August 2000. Available 1999 and 2000 data are from the Austrian National Bank's current account statistics.

Table 1:

Foreign direct investment in Austria 1994-2000

Year	Number of firms with direct foreign participation	Nominal capital (Euro billion)	Total equity (1) (Euro billion)
1994	2,205	4.7	10.6
1995	2,262	5.2	12.9
1996	2,362	5.4	14.2
1997	2,464	5.7	16.1
1998	2,525	7.0	18.2
1999 (2)	n/a	n/a	20.9
2000 (2)	n/a	n/a	30.9

Footnotes:
(1) total equity comprises nominal capital, statutory and voluntary reserves, profits/losses carried forward, and net credit position;
(2) preliminary figures.

Table 2:

Foreign direct investment in Austria by country of origin 1994-1998 (in percent of total equity)

Year	U.S	Switzerland, Liechtenstein	Germany	Italy	Netherlands	Others
1994	7	17	43	4	7	22
1995	6	14	46	3	9	22
1996	6	12	48	3	9	22
1997	6	12	51	4	8	19
1998	8	10	45	8	6	23

Table 3:

Foreign direct investment in Austria by industry sectors in 1998 (latest available figures)

Sector	Total equity (Euro million)	Employees in 1,000
Industry:	279.1	1
Metals, machinery	988.4	26
Vehicles	307.4	11
Electrical engineering, Electronics	83.6	29
Petroleum, chemicals	1,802.3	18
Paper, wood	634.4	6
Textiles, clothing, leather	168.6	8
Food, drink, tobacco	290.7	9
Building and allied trades	72.7	4
Miscellaneous	435.3	5
Subtotal industry	4,782.0	116
Non-industry:		
Trade	3,644.5	68
Transport, communication	1,550.1	11
Tourism	181.7	5
Banking, insurance, finance	2,452.0	12
Real estate, business related services	5,252.8	15
Other services	54.5	1
Subtotal non-industry	13,135.6	112
Total	18,196.6	228

Note: differences due to rounding.

Table 4:

<u>Austrian direct investment abroad 1994-2000</u>

Year	Number of firms with Austrian direct investment	Nominal capital (Euro billion)	Total equity (1) (Euro billion)
1994	1,617	4.7	7.5
1995	1,718	5.2	8.6
1996	1,810	6.0	9.9
1997	1,942	6.8	12.2
1998	2,006	7.9	14.3
1999 (2)	n/a	n/a	17.1
2000 (2)	n/a	n/a	20.6

Footnotes:
(1) total assets comprises nominal capital, other equity including exchange rate adjustments, and net credit position;
(2) preliminary figures.

Table 5:

<u>Austrian direct investment abroad by country of destination 1994-1998 (in percent of total equity)</u>

Year	U.S	Switzerland, Liechtenstein	Germany	U.K.	Hungary	Czech Rep.	Others
1994	5	14	15	8	17	7	34
1995	4	11	16	6	14	7	42
1996	4	10	18	5	13	7	43
1997	9	9	15	8	12	7	40
1998	8	8	15	11	9	7	42

Table 6:

Austrian direct investment abroad by industry sectors in 1998 (latest available figures)

Sector	Total equity (Euro million)	Employees in 1,000
Mining and energy:	299.4	1
Industry:	279.1	1
Metals, machinery	830.7	19
Vehicles	39.2	2
Electrical engineering, Electronics	399.0	19
Petroleum, chemicals	600.3	16
Paper, wood	454.9	11
Textiles, clothing, leather	86.5	9
Food, drink, tobacco	291.4	10
Building and allied trades	1,147.5	32
Miscellaneous	91.6	5
Subtotal industry	3,940.3	123
Non-industry:		
Trade	2,026.8	35
Transport, communication	40.7	1
Tourism	87.9	2
Banking, insurance, finance	3,124.2	18
Real estate, business related services	4,715.7	7
Other services	97.4	1
Subtotal non-industry	10,092.8	64
Total	14,332.5	188

Note: differences due to rounding.

List of major foreign investors:

Some 400 U.S. firms hold investments in Austria, which range from simple sales offices to major production facilities. The following is a short list of U.S. firms holding major investments in Austria.

American Express Bank Ltd.
Baxter International Inc.
Chrysler International Corp.
Citibank Overseas Investment Corp.

The Coca-Cola Company
Eastman Kodak Company
Exxon Corporation
General Electric Capital Corporation
General Motors Corp.
Harman International Industries Inc.
Hercules Inc.
Honeywell Inc.
IBM World Trade Corp.
Johnson and Johnson Int.
McDonald's Corporation
Mars Inc.
Merck & Co., Inc.
Merrill Lynch and Co., Inc.
Nalco Chemical Company
Otis Elevator Co.
Philip Morris Companies Inc.
Pioneer Overseas Corp.
PQ International Inc.
Schlumberger Ltd.
Starwood Hotels and Resorts Worldwide, Inc. (Sheraton Hotels)
WEA International Inc.

Following is a brief list of firms headquartered in other countries than the U.S. holding major investments in Austria.

AEG AG, Germany
Alcatel, France
Allianz AG, Germany
Amer, Finland
Asea Brown Boveri, Switzerland and Sweden
Assicurazioni Generali, Italy
Axel Springer Verlag, Germany
BASF, Germany
Bayer AG, Germany
Bayerische Landesbank, Germany
Bayerische Motorenwerke (BMW), Germany
Bayerische Hypo-Vereinsbank AG, Germany
Bombardier, Canada
Robert Bosch AG, Germany
Continental Gummiwerke AG, Germany
Deutsche Telekom, Germany
Electricite de France, France
Electrolux, Sweden
Ericsson, Sweden
Gallaher, U.K.
Grundig, Germany
Hafslund Nycomed, Norway
Henkel, Germany
Hipp, Germany
Hoechst AG, Germany

Interhoerbiger, Switzerland
Kone Oy, Finland
Koramic, Belgium
Liebherr, Germany
Magna, Canada
MAN, Germany
Mannesmann AG, Germany
Mazda Corp., Japan
Nestle S.A., Switzerland
NKT Cables, Denmark
Novartis, Switzerland
NV Koninklijke KNP Paper Company, Netherlands
Papierwerke Waldhof Aschaffenburg, Germany
Philips Gloeilampenfabrieken, Netherlands
Renault, France
Rewe, Germany
Rhone-Poulenc, France
Riunione Adriatica Di Sicurta (RAS), Italy
Rothenberger, Germany
Russian Central Bank, CIS
RWE, Germany
Shell Petroleum N.V., Netherlands
Siemens, Germany
Smurfit Group, Ireland
Solvay Et Cie, Belgium
Sony, Japan
Sueddeutscher Verlag, Germany
Svenska Cellulosa Ab, Sweden
Telecom Italia, Italy
Unilever N.V., Netherlands
Voith, Germany
Westdeutsche Allgemeine Zeitung (WAZ), Germany
Westdeutsche Landesbank, Germany

7. TRADE AND PROJECT FINANCING

A. Synopsis of Banking System

A wide range of credit and financial instruments is offered by all of Austria's banks. The Austrian banking system is highly developed, with worldwide correspondent relations, as well as offices and branches in the United States and other major financial centers. Large Austrian banks also have branches, subsidiaries, and joint venture operations in Central and Eastern Europe. Many major foreign banks, including American, have operations in Austria.

B. Foreign Exchange Controls Affecting Trading

Austria has a fully liberalized foreign exchange regime. There are no limitations on cross-border payments, whether related to foreign trade, capital investments, or other transactions, except to countries under UN sanctions.

C. General Financing Ability

General financing to establish foreign operations in Austria is readily available. Foreign firms enjoy access to Austrian credit and capital markets without restrictions. On December 31, 1998, the exchange rate for Euro 1.00 was irrevocably fixed at Austrian schillings 13.7603. Thus, U.S. investors will not be faced with schilling exchange rate risks against the currencies of the other ten EMU participants during the transition to the Euro in 2002.

D. How to Finance Exports/Methods of Payment

American exporters to Austria may use domestic or foreign financing to make a wide range of payment arrangements, from advances to letters of credit and bank guarantees. Austrian banks can also help arrange financing for export and investment transactions in Central and Eastern Europe. The Austrian Government has neither a countertrade policy nor specific regulations in this field.

E. Types of Available Export Financing and Insurance

OPIC does not operate in Austria. The Ex-Im Bank has no active programs in Austria. The risk of political or economic disturbances that could disrupt trade or investment projects in Austria is judged to be very low.

F. Project Financing Available

Commercial financing is readily available from Austrian banks and institutions on normal market terms, but multilateral institutions are not active in Austria. Concessionary financing may be available for U.S. firms in association with Austrian companies for projects in neighboring Central and Eastern European countries.

G. List of Banks with Correspondent U.S. Banking Arrangements

Austrian Branches/Subsidiaries of U.S. Banks:

American Express Bank Ltd.TRS Kaerntnerstr. 21-23 A-1015 Vienna, Austria Phone: (43 1) 515 11-0 Fax: (43 1) 515 11-100	Commercial and private
Citibank International plc Austria Branch Schwarzenbergplatz 3 A-1010 Vienna, Austria Phone: (43 1) 717 17-0 Fax: (43 1) 713 92 06	Corporate and investment banking – no retail services
Merrill Lynch Bank (Austria) AG Wallnerstrasse 4 A-1010 Vienna, Austria Phone: (43 1) 531 40	Private banking

Fax: (43 1) 535 02 27

GE Capital Bank
Donau-City Strasse 6
A-1223 Vienna, Austria
Phone: (43 1) 260 70 9217
Fax: (43 1) 260 70 9341

Consumer financial services

Austrian Banks with Subsidiaries in the U.S.:

Erste Bank der oesterreichischen Sparkassen AG Graben 21 A-1010 Vienna, Austria Phone: (43 1) 531 00-0711 Fax (43 1) 531 00-1533	Erste Bank der oesterreichischen Sparkassen AG 280 Park Avenue West Building, 32nd floor New York, NY 10017 Phone: (212) 984 5600 Fax: (212) 986 1423
Raiffeisen Zentralbank Österreich AG Am Stadtpark 9 A-1030 Vienna Phone: (43 1) 717 07-0 Fax: (43 1) 717 07-1715	RZB Finance LCC Ave. of the Americas New York, NY 10036 Phone: (212) 845 4100 Fax: (212) 944 2093

8. BUSINESS TRAVEL

A. Business Customs

Business practice and etiquette is basically the same in Austria and America; the major difference is the relatively formal atmosphere in which business generally takes place in Austria. For example, when making appointments with prospective buyers or clients, we recommend you make initial contact well in advance, either in writing or by phone, and offer to meet on the premises of the person in question. Another example of Austrian formality is the widespread use of titles, be they in the form of a university degree or a position in a firm or in the government. The most common are "Doktor" (a university degree similar to the U.S. doctorate), "Magister" (similar to the U.S. master of arts), and "Diplom Ingenieur" (similar to the U.S. master of science).

Overall, Austrians are generally well disposed toward Americans. Showing understanding for the Austrian way of doing things will prove rewarding.

Business travelers to Austria seeking appointments with U.S. Embassy Vienna officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at
(43 1) 313 39-2297, fax at (43 1) 310 69 17 or E-mail at vienna.office.box@mail.doc.gov

The Austrian National Tourist Office, Inc. in North America conducts nationwide and regional promotions, co-op marketing programs and offers numerous support services. Please consult their website: www.anto.com/meetanto.html.

B. Travel Advisory and Visas

There are no travel advisories specifically for Austria, nor are visas necessary for visits to Austria lasting less than three months. Non-EU citizens will require a residence permit for longer stays.

Toll stickers are required on all vehicles on Austria's major highways. They can be obtained from the Austrian Automobile Clubs as well as post offices, gasoline stations and at borders. The following fees apply: an annual sticker for private cars and motorhomes weighing up to 3.5 tons is EUR 72.67 and for motorcycles EUR 29.07; a two-month sticker is EUR 21.80 and EUR 10.90 respectively; and a ten-day sticker costs
EUR 7.63 and EUR 4.36 respectively. Stickers must be applied on the upper middle or left side of the windshield. Motorists who do not possess the appropriate sticker are subject to a fine. Cars rented in neighboring countries may or may not be equipped with the sticker, so please remember to obtain one from your car rental agency.

C. Holidays

The following holidays will be observed in Austria from October 1, 2001, to December 31, 2002:

October 26, 2001	Friday	National Day
November 1, 2001	Thursday	All Saint's Day
December 8, 2001	Saturday	Immaculate Conception
December 25, 2001	Tuesday	Christmas Day
December 26, 2001	Wednesday	St. Stephen's Day
January 1, 2002	Tuesday	New Year's Day
January 6, 2002	Sunday	Epiphany
April 1 2002	Monday	Easter
May 1, 2002	Wednesday	Labor Day
May 9, 2002	Thursday	Ascension Day
May 20, 2002	Monday	Whit Monday
May 30, 2002	Thursday	Corpus Christi Day
August 15, 2002	Thursday	Assumption Day
October 26, 2002	Saturday	National Day
November 1, 2002	Friday	All Saint's Day
December 8, 2002	Sunday	Immaculate Conception
December 25, 2002	Wednesday	Christmas Day
December 26, 2002	Thursday	St. Stephen's Day

Business visitors should note that the Austrian vacation season is in July and August, and that many decision-makers take extended vacations during that time - sometimes four weeks or more. Business visits or events are not recommended during these two months. Many offices and businesses close Friday afternoons, reflecting the widely implemented 38.5-hour workweek.

D. Business Infrastructure

Transportation:
Direct flights connect Vienna to several U.S. cities. Austria's modern highways link most cities and numerous border crossings into neighboring countries are easily accessible (although delays should be anticipated crossing non-EU borders). Air travel between major cities in Austria and in the region is available and overland travel by train or bus is comfortable and reliable. Rail travel is pleasant and convenient. Save by sitting in second class, which provides more than enough comfort within Austria. If you plan extensive traveling, an Austrian Railpass or Eurailpass may be the best value. The Austrian Railpass offers four days of unlimited travel in a 10-day period and includes some major shipping lines. If you are including Austria on a multi-nation itinerary, Eurailpasses are honored in 17 countries. For people wanting unlimited travel the ideal way to travel is the Eurail ticket giving an option to travel in and between 27 countries in Europe and including two extra bonuses at the Hilton International (reduction on room rates) and Hertz rent-a-car (reduction on car rental). For detailed rail information as well as purchases of rail tickets, call: DER Rail: (708) 692-6300 or Rail Europe: 1-800-848-7245. Website: www.eurail.com.

Taxi service is readily available, but they are generally requested by telephone or hired at designated taxi stands. It is difficult to hail cabs in the street. Major Austrian cities have efficient public transportation systems, including buses, subways, and streetcars. Car rental agencies are located in major cities, with most major U.S. rental agencies represented.

Language & Communications:
Austria’s official language is German. Though many business people are able to communicate in English, the importance of German-language trade literature, catalogs, and instructions for the use and servicing of products cannot be overemphasized. The agent or local representative in Austria who has such material is in a far more competitive position than one who must show prospective customers trade literature in English. Make things easy for your customer.

Correspondence and visits play a significant role in doing business in Austria. Clarity and continuity in communications are very important. Prompt handling of correspondence is much appreciated and helps to compensate for the distance between the two countries. When possible, offers and documentation should be in German, although many businesspeople can work in English. Most larger commercial and industrial enterprises, especially those specializing in international trade, can correspond in English, French, and one or more Slavic languages, in addition to German.

Austria has efficient and reliable postal and telephone services. Fax machines are widely used; E-mail is less commonly used than in the United States, but is growing rapidly.

Accommodations and Food:
Business accommodations are readily available, provided by a wide variety of hotels and guesthouses throughout the country. In the tourist high seasons, there may be difficulties finding lodgings on short notice in Vienna, Innsbruck and Salzburg. The food is excellent, with a variety to suit all tastes. Prices vary, ranging from the homey

'Gasthaus', which offers local dishes at affordable prices, to the elegant restaurants of five-star hotels. Whatever type of restaurant or inn you select, be sure to check out the daily specials (Tagesmenu), which typically mean a three-course meal (appetizer/soup, entrée and dessert) for one low price. When ordering beverages, ask for local brands, which are less expensive and usually quite good. Austrian tap water is generally safe to drink; in fact, the tap water in Vienna has its sources from mountain springs and tastes delicious. The best known Austrian venue for refreshments is the coffeehouse. This institution is more than a café, more than a pastry and snack shop, is a venerable cultural institution and social gathering spot where you can linger over your postcard writing or read a newspaper, and watch the world go by.

A word on entertainment in Vienna:
Do not expect your contacts in Vienna to be able to easily acquire tickets to the Opera, the Spanish Riding School or the Vienna Boys Choir. These world famous institutions sell the bulk of their tickets to tour operators and it is often easier to arrange for tickets in New York or elsewhere before your arrival in Vienna. Also, check the calendar carefully, because none of these attractions performs year-round.

10. ECONOMIC AND TRADE STATISTICS

APPENDIX A. COUNTRY DATA

Population	8.09 million
Population Growth Rate	0.3 %
Religion(s)	Roman Catholic 78% Protestant 5%
Government	Constitutional Parliamentary Democracy
Language	German 92%
Work Week	37.5 - 40 hours, depending on industry

APPENDIX B. DOMESTIC ECONOMY

	1999	2000	2001
GDP ($ million, current prices) (1)	181,647.7	189,899.5	196,168.8
GDP Growth Rate, nominal terms (in percent)	3.7	4.5	3.3
GDP Growth Rate, real terms (in percent)	2.8	3.3	1.7
GDP per Capita ($) (1)	22,447.4	23,405.4	24,154.0
Current Government Spending (as percent of GDP)	29.0	27.6	27.8
Inflation (percent)	0.6	2.3	2.6
Unemployment (percent) (2)	4.0	3.7	3.6
Foreign Exchange Reserves ($ billion) (3)	n/a	n/a	n/a
Average Exchange Rate for $ 1.00 (in Euro)	0.938	1.082	1.087
Debt Service Ratio (4)	3.2	4.9	3.4

Footnotes:
(1) all figures converted at the 2000 annual average exchange rate of $1.00:EUR 1.082.

(2) EU method.
(3) Since the start of the Economic and Monetary Union (EMU) on January 1, 1999, the Austrian National Bank's foreign exchange reserves are part of the Eurosystem.
(4) ratio of principal and interest payments on foreign debt to foreign income from exports of goods and services.

Source: Austrian Central Statistical Office, Austrian Institute for Economic Research, Austrian National Bank

APPENDIX C. TRADE
($ million) (1)

	1999	2000	2001
Total Austrian exports (fob)	55,544.3	63,739.1	68,935.0
Total Austrian imports (cif)	60,189.3	68,451.3	74,340.0
U.S. exports to Austria	3,316.6	3,758.4	n/a
U.S. imports from Austria	2,534.9	3,210.5	n/a

Footnote:
(1) all figures converted at the 2000 annual average exchange rate of $1.00:EUR 1.082.
Source: Austrian Central Statistical Office and Austrian Institute for Economic Research.

11. U.S. & AUSTRIAN CONTACTS

A. Austrian Government Agencies

Embassy of Austria in the United States
3524 International Court N.W.
Washington, DC 20008
Phone: (202) 895-6700
Fax: (202) 895-6750
E-mail:obwas@sysnet.net

Consular Section:
Phone: (202) 895-6767
Fax: (202) 895-6773
E-mail:obwascon@sysnet.net
Website: www.austria.org/contact.htm

Federal Agency for Industrial Cooperation and Development acts as management consulting arm of the Republic of Austria.

In the U.S.:

Austrian Business Agency
150 East 52nd Street, 32nd floor
New York, NY 10022

In Austria:

Austrian Business Agency
Opernring 3-5
A-1010 Vienna, Austria

Phone: (212) 980 7970
Fax: (212) 980 7975

Phone: (43 1) 588 58-0
Fax: (43 1) 586 86 59
E-mail: austrian.business@telecom.at
Website: http://www.aba.gv.at

Federal Ministry of Economics and Labor
Stubenring 1
A-1010 Vienna
Phone: (43 1) 711 00-0
Fax: (43 1) 713 93 11 or 713 79 95
E-mail: service@bmwa.gv.at
Website: www.bmwa.gv.at

Federal Ministry of Agriculture, Forestry, Environment and Water Management
Stubenring 1
A-1010 Vienna
Phone: (43 1) 711 00-0
Fax: (43 1) 711 00-2127
E-mail: Martina.Niessl@bmlf.gv.at
Website: www.bmlf.gv.at/ge

B. Austrian Trade Associations/ Chambers of Commerce

Austrian Trade Commission operates offices in the U.S. at the following locations:

New York:	150 East 52nd Street 32nd floor New York, NY 10022 Phone: (212) 421 5250 Fax: (212) 751 4675 E-mail: atc_ny@ix.netcom.com
Illinois:	500 North Michigan Avenue Suite 1950 Chicago, IL 60611 Phone: (312) 644 5556 Fax: (312) 644 6526 E-mail: atc-chi@ix.netcom.com
California:	11601 Wilshire Blvd. Suite 2420 Los Angeles, CA 90025 Phone: (310) 477 9988 Fax: (310) 477 1643 E-mail: atc-la@ix.netcom.com

The following telephone number can be used for all Austrian Trade Delegates: 1-800-VIP-AHST.

Website: http://www.austriantrade.org

American Chamber of Commerce in Austria
Porzellangasse 35
A-1090 Vienna, Austria
Phone: (43 1) 319 57 51
Fax: (43 1) 319 51 51
E-mail: office@amcham.or.at
Website: www.amcham.or.at

Wirtschaftskammer Oesterreich
(Austrian Federal Economic Chamber)
Wiedner Hauptstrasse 64
A-1045 Vienna, Austria
Phone: (43 1) 501 05-4204
Fax: (43 1) 502 06-255
E-mail: aw.nordamerika@aw.wk.or.at
Website: www.wko.at/aw

Fachverband der Elektro- und Elektronikindustrie Oesterreichs
(Association of the Electric and Electronic Industry)
Mariahilfer Strasse 37-39
A-1060 Vienna, Austria
Phone: (43 1) 588 39-0
Fax: (43 1) 586 69 71
Website: www.feei.at

ADV Arbeitsgemeinschaft fuer Datenverarbeitung
(EDP Association)
Tratternhof 2
A-1010 Vienna, Austria
Phone: (43 1) 533 09 13
Fax: (43 1) 533 09 13-77
Website: www.adv.at

Oesterreichische Computer Gesellschaft
(Austrian Computer Association)
Wollzeile 1-3
A-1010 Vienna, Austria
Phone: (43 1) 512 02 35
Fax: (43 1) 512 02 35-9
E-mail: ocg@ocg.at
Website: www.ocg.at

OEGUT - Oesterreichische Gesellschaft fuer Umwelt und Technik
(Austrian Association for Environment and Technology)
Türkenstrasse 9/21
A-1090 Vienna, Austria
Phone: (43 1) 315 63 93-0
Fax: (43 1) 315 63 93-22
Website: www.oegut.at

C. Austrian Market Research Firms

Consent Betriebsberatung Ges.m.b.H
Dommayergasse 4
A-1130 Vienna, Austria
Phone: (43 1) 877 30 03-0
Fax: (43 1) 876 47 04
E-mail: consult@consent.at
Website: www.consent.at

Dr. Fessel GfK Institut fuer Marktforschung
Hainburger Strasse 33
A-1030 Vienna, Austria
Phone: (43 1)71710-0
Fax: (43 1) 71710-194
E-mail: fessel@gfk.at
Website: www.gfk.at

GMB Gesellschaft fuer Management und Beratung GmbH
Mariahilferstr. 123/3
A-1060 Vienna, Austria
Phone: (43 1) 59999-386
Fax: (43 1) 59999-700
Website: www.gmb.at

Integral Markt- und Meinungsforschungs Ges.m.b.H.
Mohsgasse 2/4A
A-1030 Vienna, Austria
Phone: (43 1) 799 19 94-0
Fax: (43 1) 799 19 94-18
E-mail: www.office@integral.co.at
Website: integral.co.at

Research International
Institut fuer Markt- und Meinungsforschung Ges.m.b.H.
Kaiserstrasse 55
A-1070 Vienna, Austria
Phone: (43 1) 526 55 84-0
Fax: (43 1) 526 55 84-42
E-mail: austria@research-int.com
Website: www.research-int.com

D. Austrian Commercial Banks

Creditanstalt AG
Schottengasse 6
A-1010 Vienna
Austria
Phone: (43 1) 531 31-0
Fax: (43 1) 531 31-4699

Bank Austria AG
Am Hof 2
A-1010 Vienna
Austria
Phone (43 1) 711 91-0
Fax: (43 1) 711 91-56155

Website: www.creditanstalt.co.at
In 2002, Creditanstalt will be integrated into Bank Austria

Website: www.bankaustria.com

Erste Bank der oesterreichischen Sparkassen AG
Graben 21
A-1010 Vienna
Austria
Phone: (43 1) 531 00-0711
Fax: (43 1) 531 00-2272
Website: www.erstebank.at

Raiffeisen Zentralbank Oesterreich AG
Am Stadtpark 9
A-1030 Vienna
Austria
Phone: (43 1) 717 07-0
Fax: (43 1) 717 07-1648
Website: www. rzb.at
Website: www.raiffeisen.at

E. U.S. Commercial Service

U.S. Embassy in Austria
Boltzmanngasse 16
A-1091 Vienna, Austria
Phone: (43 1) 313 39-0
Fax: (43 1) 310 69 17
E-mail: vienna.office.box@mail.doc.gov
Website: www.buyusa.at

To mail from the United States:
Commercial Service Vienna
9900 Vienna Place
Washington, DC 20521-9900

F. U.S.-Based Multipliers

The Association for Manufacturing Technology
7901 Westpark Dr.
McLean, VA 22102
Phone: (703) 893-2900
Fax: (703) 893-1151
E-mail: amt@mfgtech.org
Website: www.mfgtech.org

Health Industry Manufacturers Association
1200 G. Street, N.W. Suite 400
Washington, DC 20005
Phone: (202) 783-8700
Fax: (202) 783-8750
E-mail: hima@himanet.org
Website: www.himanet.com

American Electronics Association
5201 Great America Pkwy, Suite 520
Santa Clara, CA 95054
Phone: (408) 970-4200
Fax: (408) 986 1247
E-mail: csc@aeanet.org
Website: www.aeanet.org

Dental Manufacturers of America

123 S. Broad Street, Suite 2030
Philadelphia, PA 19109-1020.
Phone: (215) 731-9975
Fax: (215) 731-9984
E-mail: staff@dmanews.org
Website: www.dmanews.org

National Electrical Manufacturers Association
Diagnostic Imaging & Therapy Systems Div.
1300 N. 17th Street, Suite 1847
Rosslyn, VA 22209
Phone: (703) 841 3200
Fax: (703) 841 5900
E-mail: webmaster@nema.org
Website: www.nema.org

Telecommunications Industry Association
2500 Wilson Blvd. Suite 300
Arlington, VA 22201-3834
Tel.: (703) 907 7700
Fax: (703) 907 7727
Website: www.tiaonline.org

Telecommunications Industry Association
Government Relations and International Affairs
1300 Pennsylvania Ave, N.W. Suite 350
Washington, D.C. 20004
Phone: (202) 383-1480
Fax: (202) 383-1495
Website: www.tiaonline.org

Environmental Industry Associations
4301 Connecticut Ave, N.W., Suite 300
Washington, D.C. 20008
Phone: (202) 244 4700
Fax: (202) 966 4818
Website: www.envasns.org

U.S.-Austrian Chamber of Commerce, Inc.
165 West 46th Street, Suite 1112
New York, NY 10036
Phone and Fax: (212) 819-0117
Website: www.austria.org/govoff.htm#chamber

G. Washington-Based U.S. Government Contacts

position vacant
Austria Desk, Room 3036
Office of Market Acccess and Compliance
U.S. Department of Commerce
14th & Constitution Ave, N.W.

Washington, DC 20230
Phone: (202) 482-2434
Fax: (202) 482-2897

Europe Team Leader
Foreign Agricultural Service
Room 5517S
U.S. Department of Agriculture
Washington, DC 20250-1024
Phone: (202) 720-1322
(202) 720 7420
Fax: (202) 720-0069
Website: www.fas.usda.gov

U.S. Department of Agriculture
Foreign Agricultural Service
attn: Maureen Quinn
Director, Information Div.
Room 5074-S
Washington, D.C. 20250-1024
Phone: (202) 720-3448
Fax: (202) 720-1727
E-mail: quinn@fas.usda.gov
Website: www.fas.usda.gov

John Greifer, Director
Trade Support Team
U.S. Department of Agriculture
APHIS
Room 1132, SO. Bldg.
12th and Independence Ave., SW
Washington, DC 20252
Phone: (202) 720-7677 or 78
Fax: (202) 690-2861
E-mail: aphis@usda.gov

Janet Thomas
Director
Multilateral Development Bank Operations
U.S. Department of Commerce
USA Trade Center
14th Street N.W.
Washington, D.C. 20230
Phone: (202) 482-1246
Fax.:   (202) 482-3914
E-mail: Janet.Thomas@mail.doc.gov

TPCC Trade Information Center in Washington:
1-800-USA-TRADE (1-800-872-8723), Fax: (202) 482-4473
ITA's Home Page: http://www.ita.doc.gov
National Trade Data Bank (NTDB): http://www.stat-usa.gov/

Austria information: http://www.austria.org./ausinfo.shtml
Economic news from Austria: http://www.austria.org/econ11.shtml

12. MARKET RESEARCH

A. Foreign Agricultural Service Commodity Reports/Market Briefs

The following annual reports will be issued during FY'02:

1. Exporter Guide (October 2001)
2. Retail Food Sector Report (October 2001)
3. Forest Products (December 2001)
4. Trade Policy Monitoring Report (February 2002)
5. Oilseeds and Products (March 2002)
6. Tobacco and Products (May 2002)
7. Food and Agricultural Import Regulations (July 2002)

Note: FAS reports are available from the Reports Office, USDA/FAS, Washington, DC 20250 and from the USDA home page: http://www.fas.usda.gov

B. Department of Commerce Industry Subsector Analyses

The following ISA's are planned to be drafted during FY'02:

1. Pleasure and Business Travel to the United States (March 2002)
2. Automotive Maintenance and Repair Equipment (April 2002)
3. Aircraft and Parts (June 2002)
4. Energy Efficiency (July 2002)
5. Trends in the Telecommunication Technologies (August 2002)
6. Trends in Information Technology (September 2002)
7. Remediation of Contaminated Sites (September 2002)
8. Electromedical Equipment (September 2002)

NOTE: U.S. Department of Commerce Reports are available in the National Trade Data Bank (NTDB) and from the USDOC homepage: www.usatrade.gov

13. TRADE EVENT SCHEDULE

A. Scheduled Agricultural/Food Trade Events

A.1. Event: Seafood-Wine-Rice-Seminar
2. Sector: Hotel/Restaurant Industry, Trade
3. Date: December 04, 2001
4. Location: Innsbruck Culinary School
5. Post recruited
FAS Vienna Contact: Andrea Fennesz-Berka, Marketing Specialist –
Tel.: (43 1) 313 39 ext.2364, E-mail: fennesz- berka@fas.usda.gov

B.1. Event: California Wine Tasting
2. Sector: Hotel/Restaurant, Retail, Wholesale, Trade
3. Date: April 09, 2002
4. Location: Vienna Palais Schwarzenberg
5. Post recruited
FAS Vienna Contact: Andrea Fennesz-Berka, Marketing Specialist –
Tel.: (43 1) 313 39 ext. 2364, E-mail: fennesz-berka@fas.usda.gov

B. Scheduled Trade Events - U.S. Commercial Service Vienna

A.1. Event: AAAE Conference Salzburg
2. Sector: Aviation/Airport
3. Date: November 4-7, 2001
4. Location: Salzburg
5. AAAE recruited
CS Vienna Contact: Ingeborg Doblinger, Commercial Specialist –
Tel.: (43 1) 313 39 ext. 2120, E-mail: Ingeborg.Doblinger@mail.doc.gov

B.1. Event: Internet Security Solutions
2. Sector: Internet Services
3. Date: December 04, 2001
4. Location: Vienna
5. Post recruited
CS Vienna Contact: Ingeborg Doblinger, Commercial Specialist –
Tel.: (43 1) 313 39 ext. 2120, E-mail: Ingeborg.Doblinger@mail.doc.gov

C.1. Event: Visit USA Seminar Vienna
2. Sector: Tourism
3. Date: January 31, 2002
4. Location: Vienna
5. Post recruited
CS Vienna Contact: Ingeborg Doblinger, Commercial Specialist –
Tel.: (43 1) 313 39 ext. 2120, E-mail: Ingeborg.Doblinger@mail.doc.gov

D.1. Event: B 2 E Seminar
2. Sector: Internet Services
3. Date: March 06, 2002
4. Location: Vienna
5. Post recruited/recruited by co-sponsor
CS Vienna Contact: Ingeborg Doblinger, Commercial Specialist –
Tel.: (43 1) 313 39 ext. 2120, E-mail: Ingeborg.Doblinger@mail.doc.gov

E.1. Event: High Tech Security Mission
2. Sector: Trade Mission
3. Date: May 2002
4. Location: Vienna
5. EPS recruited
CS Vienna Contact: Manfred Weinschenk, Senior Commercial Adviser –
Tel (43 1) 313 39 ext. 2285, E-mail: Manfred.Weinschenk@mail.doc.gov

F.1. Event: Telecommunications Seminar

2. Sector: Telecommunications
3. Date: September 01, 2002
4. Location: Vienna
5. Post recruited
   CS Vienna Contact: Waltraud Augesky, Commercial Specialist –
   Tel.: (43 1) 313 39 ext. 2203, E-mail: Waltraud.Augesky@mail.doc.gov

NOTE: Interested firms should consult the Export Promotion Calendar on the NTDB, or USDOC's homepage: www.usatrade.gov or contact the Commercial Service Vienna at Tel: (43 1) 31339, Fax (43 1) 31339-2911, E-mail: vienna.office.box@mail.doc.gov, homepage: www.importusa.at